

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN: 58 101 026 859

**Financial Report For The Period Ended
31 December 2016**

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The half-year financial report is prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2016 and any public announcements made by the Company since 30 June 2016 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859
DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Gladiator Resources Limited and its controlled entities for the half year ended 31 December 2016.

General Information

Directors

The following persons were directors of Gladiator Resources Limited during or since the end of the financial year up to the date of this report.

Mr Andrew Draffin
Mr Ian Hastings (Appointed 28 February 2017)
Mr Ian Richer (Appointed 28 February 2017)
Mr Michael Neundlinger (Resigned 28 February 2017)
Mr Donald Low (Resigned 28 February 2017)

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half year and to the date of this report.

Review of Operations

The consolidated loss for the six month period ended 31 December 2016 was \$3,857,848 (2015 loss: \$555,153)

The net liability position of the Group as at 31 December 2016 were -\$424,833 (June 2016: net assets of \$3,498,291)

The largest contributing factor to the recorded loss was the impairment of the Company's interest in the Zapucay Project which was previously carried at \$5.467 mil. This amount was represented by the earn in hurdle to acquire its 51% ownership interest in the project. Following the execution of the binding Share Purchase Agreement concerning the disposal of the Company's Uruguay domiciled subsidiaries and in-turn its interest in the Zapucay Project; an impairment charge of \$3.7mil was booked to reflect the recoverable value as determined in accordance with the Share Purchase Agreement. Further to the impairment charge, the Company also determined that the Assets and Liabilities subject to the Share Purchase Agreement be reclassified as held for sale with the resulting change in accounting policy dictating that these assets and liabilities be recorded at their fair value.

The Company conducted limited exploration activity for the reporting period instead it choose to focus on the disposal of the Company's interest in the Zapucay Project via the sale of its wholly owned Uruguay domiciled subsidiaries. As previously advised this sale was successfully completed on 21 February 2017 following shareholder approval which was granted on 6 February 2017.

The Company has completed two placements post 31 December 2016 where it successfully raised \$181,749 before costs, issuing a total of 116,416,086 fully paid ordinary shares. The funds raised will be used to pay down creditors and to explore and evaluate other exploration projects that the Company may acquire. The Company currently has no ownership interest in any exploration assets following the divestment of Zapucay Project. As such the Company has received correspondence from the ASX that it has been given a six month period to acquire either an interest or outright ownership of another exploration project or face the possibility of having its listed securities suspended from quotation. The Board is confident that such assets will be acquired in the near term and before the expiry of the six month notice period.

The Company has also seen a change in Directors post 31 December 2016. Both Mr Ian Hastings and Mr Ian Richer were appointed to the Board following the resignations of Mr Donald Low and Mr Michael Neundlinger on 28 February 2017. Please refer to the ASX announcement on that date for further details on Mr Hasting and Mr Richer.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 December 2016 has been received and can be found on page 2 of the Financial Report.

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Andrew John Draffin
Director
Dated: 15 March 2017

DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF GLADIATOR RESOURCES LIMITED

As lead auditor for the review of Gladiator Resources Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gladiator Resources Limited and the entities it controlled during the period.



Gareth Few
Partner

BDO East Coast Partnership

Sydney, 15 March 2017

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Consolidated Group	
		31 December 2016	31 December 2015
		\$	\$
Continuing operations			
Revenue	3	-	386
Administration expenses		-	(150,720)
Audit and tax remuneration		(76,050)	(7,212)
Company Secretarial fees		(18,000)	(43,500)
Consulting fees		-	(10,011)
Directors' benefits expense		(25,000)	(37,500)
Exploration expenditure written off		(17,115)	(276,027)
Fees and permits		-	(1,458)
Insurance		(4,466)	(7,045)
Legal costs		(9,039)	(31,123)
Share registry maintenance fees		(1,948)	(2,611)
Taxes and licences		(1,938)	(1,639)
Travel and accomodation		-	(21,754)
Other expenses		(4,292)	(3,360)
Realised foreign currency gain/(loss)		(32,128)	41,616
Depreciation and amortisation expense		(412)	(3,195)
Impairment of capitalised exploration expenditure	4	(3,667,460)	-
Loss before income tax		<u>(3,857,848)</u>	<u>(555,153)</u>
Income tax expense		-	-
Net loss from continuing operations		<u>(3,857,848)</u>	<u>(555,153)</u>
Net loss for the year		<u>(3,857,848)</u>	<u>(555,153)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss when specific conditions are met:			
Exchange differences on translating foreign operations, net of tax		65,276	(30,937)
		<u>65,276</u>	<u>(30,937)</u>
Total other comprehensive income/(loss) for the year		<u>65,276</u>	<u>(30,937)</u>
Total comprehensive income for the year		<u>(3,792,572)</u>	<u>(586,090)</u>
Earnings per share			
From continuing and discontinued operations:			
Basic and diluted loss per share (cents)		(0.83)	(0.12)

The accompanying notes form part of these financial statements.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Consolidated Group	
		31 December 2016	30 June 2016
		\$	\$
ASSETS	Note		
CURRENT ASSETS			
Cash and cash equivalents		19,503	60,897
Trade and other receivables		5,613	78,994
Current assets held for sale	5	1,818,057	-
TOTAL CURRENT ASSETS		<u>1,843,173</u>	<u>139,891</u>
NON-CURRENT ASSETS			
Property, plant and equipment		-	610
Other non-current assets	4	-	5,467,000
TOTAL NON-CURRENT ASSETS		<u>-</u>	<u>5,467,610</u>
TOTAL ASSETS		<u>1,843,173</u>	<u>5,607,501</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	449,949	1,291,435
Current liabilities held for sale	5	1,818,057	-
Borrowings		-	817,775
TOTAL CURRENT LIABILITIES		<u>2,268,006</u>	<u>2,109,210</u>
NON-CURRENT LIABILITIES			
Trade and other payables		-	-
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>2,268,006</u>	<u>2,109,210</u>
NET (LIABILITIES)/ASSETS		<u>(424,833)</u>	<u>3,498,291</u>
EQUITY			
Issued capital		18,888,802	18,888,802
Reserves		(290,029)	(224,753)
Accumulated losses		(19,023,606)	(15,165,758)
TOTAL EQUITY		<u>(424,833)</u>	<u>3,498,291</u>

The accompanying notes form part of these financial statements.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Note	<u>Share Capital</u>		<u>Reserves</u>	Total
	Ordinary	Accumulated losses	Foreign Currency Translation Reserve	
	\$	\$	\$	\$
Consolidated Group				
Balance at 1 July 2015	18,888,802	(13,977,875)	(219,398)	4,691,529
Comprehensive income				
Loss for the period	-	(555,153)	-	(555,153)
Other comprehensive income for the year	-	-	(30,937)	(30,937)
Total comprehensive income for the year	<u>-</u>	<u>(555,153)</u>	<u>(30,937)</u>	<u>(586,090)</u>
Balance at 31 December 2015	<u>18,888,802</u>	<u>(14,533,028)</u>	<u>(250,335)</u>	<u>4,105,439</u>
Balance at 1 July 2016	18,888,802	(15,165,758)	(224,753)	3,498,291
Comprehensive income				
Loss for the year	-	(3,857,848)	-	(3,857,848)
Other comprehensive income for the year	-	-	(65,276)	(65,276)
Total comprehensive income for the year	<u>-</u>	<u>(3,857,848)</u>	<u>(65,276)</u>	<u>(3,923,124)</u>
Balance at 31 December 2016	<u>18,888,802</u>	<u>(19,023,606)</u>	<u>(290,029)</u>	<u>(424,833)</u>

The accompanying notes form part of these financial statements.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN: 58 101 026 859

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Consolidated Group	
Note	31 December 2016	31 December 2015
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	-	386
Payments to suppliers and employees	(50,692)	(43,744)
Net cash provided by (used in) operating activities	<u>(50,692)</u>	<u>(43,358)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(8,537)	(62,586)
Purchase of property, plant and equipment	-	(394)
Net cash provided by (used in) investing activities	<u>(8,537)</u>	<u>(62,980)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans from related parties		
- proceeds from borrowings	25,000	106,239
Net cash provided by (used in) financing activities	<u>25,000</u>	<u>106,239</u>
Net increase in cash held	(34,229)	(99)
Cash and cash equivalents at beginning of financial year	60,897	121,643
Cash and cash equivalents reclassified to held for sale assets	5 (7,165)	-
Effect of exchange rates on cash holdings in foreign currencies	-	1,319
Cash and cash equivalents at end of financial year	<u><u>19,503</u></u>	<u><u>122,863</u></u>

The accompanying notes form part of these financial statements.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

These consolidated financial statements and notes represent those of Gladiator Resources Limited and Controlled Entities (the "consolidated group" or "group").

The financial statements were authorised for issue on 15 March 2017 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half year financial report is prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2016 and any public announcements made by the Company since 30 June 2016 in accordance with continuous disclosure obligations arising under the

Basis of Preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements at 30 June 2016, unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(b) Critical Accounting Estimates and Judgements

The critical estimates and judgements are consistent with those applied and disclosed in the June 2016 annual report.

Key Judgements

(a) Exploration and Evaluation expenditure

Exploration expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to a relinquished area are written off in full against the profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 1: Summary of Significant Accounting Policies (Cont'd)

(c) New Accounting Standards for Application in Future Periods

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that is relevant to the Group

— AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

(d) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group generated a loss of \$3,857,848 (2015: loss of \$555,153) and net cash outflows from operating activities of \$50,692 for the six months ending 31 December 2016 (30 June 2016 outflows of \$100,783), and as of that date, recorded a net liability position of -\$424,833 (30 June 2016: net assets of \$3,498,291). These conditions indicate a material uncertainty that may cast significant doubt concerning the ability of the Group to continue as a going concern.

The Directors have prepared a cash flow forecast for the next 12 months based on best estimates of future inflows and outflows of cash to support the Group's ability to continue as a going concern. The forecast is subject to recapitalising the Company through a capital raising and acquiring an interest in, or outright ownership of an exploration asset within a 6 month period from late February 2017. The Directors are confident that they can raise capital when required as they have been successful in the past and are considering a number of options which may introduce a project into the company in the required timeframe.

The Directors believe that the Group will be successful in managing the above matters and accordingly, they have prepared the financial report on a going concern basis. At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the consolidated interim financial statements at 31 December 2016.

Accordingly no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 2 Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Unless otherwise stated, all accounts are reported to the Board of Directors, being the chief decision makers with respect to operating segments, which are determined in accordance with accounting policies that are consistent to those adapted in the annual financial statements of the consolidated entity.

OPERATING SEGMENTS

(i) Segment Information

6 months ended 31 December 2016	Australia	Uruguay	Total
	\$	\$	\$
Revenue			
Interest received	-	-	-
Total segment revenue	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of segment revenue to consolidated entities revenue			
Total consolidated revenue:			

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 2: Operating Segments (Cont'd)

Expenses

Depreciation	-	412	412
Directors benefits expense	25,000	-	25,000
Travel and accommodation	-	-	-
Exploration written off	6,134	10,980	17,114
Impairment of capitalised exploration expenditure	-	3,682,610	3,682,610
Other expenses	98,847	33,865	132,712
	<u>129,981</u>	<u>3,727,867</u>	<u>3,857,848</u>
Segment loss before tax	<u>(129,981)</u>	<u>(3,727,867)</u>	<u>(3,857,848)</u>

Amounts not included in segment result but reviewed by the Board:

Income tax benefit			-
			<u>-</u>
Net loss before tax from continuing operations			<u>(3,857,848)</u>

6 months ended 31 December 2015

Revenue

Interest received	-	386	386
Total segment revenue	<u>-</u>	<u>386</u>	<u>386</u>

Reconciliation of segment revenue to consolidated entities revenue

Total consolidated revenue:

Expenses

Depreciation	-	3,195	3,195
Directors benefits expense	37,500	-	37,500
Travel and accommodation	21,754	-	21,754
Exploration written off	-	276,027	276,027
Other expenses	144,232	72,831	217,063
	<u>203,486</u>	<u>352,053</u>	<u>555,539</u>
Segment loss before tax	<u>(203,486)</u>	<u>(351,667)</u>	<u>(555,153)</u>

Amounts not included in segment result but reviewed by the Board:

Income tax benefit			-
			<u>-</u>
Net loss before tax from continuing operations			<u>(555,153)</u>

(ii) Segment assets

As at 31 December 2016

	Australia	Uruguay	Total
	\$	\$	\$
Segment assets	62,395	1,818,057	1,880,452
Reconciliation of segment assets to group			
Intersegment eliminations			(37,279)
Total group assets			<u>1,843,173</u>

As at 30 June 2016

	Australia	Uruguay	Total
	\$	\$	\$
Segment assets	89,378	5,555,402	5,644,780
Reconciliation of segment assets to group			
Intersegment eliminations			(37,279)
Total group assets			<u>5,607,501</u>

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 2: Operating Segments (Cont'd)

(iii) Segment liabilities

	Australia	Uruguay	Total
As at 31 December 2016	\$	\$	\$
Segment liabilities	520,890	1,802,906	2,323,796
Reconciliation of segment liabilities to group			
Intersegment eliminations			(55,790)
Total group liabilities			<u>2,268,006</u>
As at 30 June 2016	\$	\$	\$
Segment liabilities	417,892	11,944,373	12,362,265
Reconciliation of segment liabilities to group			
Intersegment eliminations			(10,253,055)
Total group liabilities			<u>2,109,210</u>

Note 3 Revenue and Other Income

	Consolidated Group	
	31	31
	December	December
	2016	2015
	\$	\$
(a) Revenue from continuing operations		
Other Revenue		
- interest received	-	386
	<u>-</u>	<u>386</u>
Total revenue	-	386

Note 4 Exploration Expenditure

NON-CURRENT

Acquisition of 51% Orosur Mining Joint Venture

Balance at 1 July 2015	5,467,000
Exploration expenditure incurred during the year	-
Exploration expenditure written off during the year	-
Balance at 30 June 2016	<u>5,467,000</u>
Balance at 1 July 2016	5,467,000
Exploration expenditure incurred during the year	-
Exploration expenditure written off during the year	-
Impairment of carrying value of capitalised exploration expenditure	(3,667,460)
Reclassification to Held for Sale assets	<u>(1,799,540)</u>
Balance at 31 December 2016	<u>-</u>

Mineral exploration and evaluation expenditure

Balance at 1 July 2015	-
Exploration expenditure incurred during the year	61,581
Exploration expenditure written off during the year	<u>(61,581)</u>
Balance at 30 June 2016	<u>-</u>
Balance at 1 July 2016	-
Exploration expenditure incurred during the year	17,115
Exploration expenditure written off during the year	<u>(17,115)</u>
Balance at 31 December 2016	<u>-</u>

On 15 December 2015, the Company announced that a binding Share Sale Agreement (SSA) was executed with Metamila Limited (the Purchaser) to dispose of the Company's 100% owned subsidiaries domiciled in Uruguay (refer to Note 8 for subsidiaries disposed), which resulted in the Company disposing of its current interest in the Zapucay Project in the North of Uruguay, subsequent to shareholder approval granted on the 6 February 2017.

As a result, the above asset has been reclassified as an Asset Held for Sale. Please refer to Note 5 - Assets Held for Sale for further details.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 5 Assets and Liabilities held for sale

The key terms of the Share Sale Agreement were as follows:

- the Company transferred all its equity interests in the Group's six Uruguayan subsidiaries (Sale Corporations) to Metamila Limited for total cash consideration, equivalent to the sum of all the debts and liabilities of the Sale Corporations as agreed on completion date.
- as from completion date on 21 February 2017, the Company was released from any and all liabilities of the Sale Corporations;
- the Company was released from the guarantee it provided to secure the third party loan to its wholly owned subsidiary;
- the Purchaser shall, from completion, assume all of the current and future rights, title, interest, obligations and liability of the Company which is accrued or may accrue under the terms of the Joint Venture Agreement governing the Zapucay Project.

The table below shows a breakdown of the current assets and current liabilities held for sale as at 31 December 2016.

Current assets held for sale:

Cash and cash equivalent	7,165
Trade and other receivables	11,154
Property, plant and equipment	198
Exploration expenditure	1,799,540
	<u>1,818,057</u>

Current liabilities held for sale:

Trade and other payables	978,809
Borrowings	839,248
	<u>1,818,057</u>

Note 6 Trade and other payables

	Consolidated Group	
	31	30 June
	December	2016
	2016	
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	244,448	1,118,680
Sundry payables and accrued expenses	205,501	172,755
	<u>449,949</u>	<u>1,291,435</u>
(a) Financial liabilities classified as trade and other payables		
Trade and other payables		
- Total current	449,949	1,291,435
- Total non-current	-	-
	<u>449,949</u>	<u>1,291,435</u>
Financial liabilities as trade and other payables	<u>449,949</u>	<u>1,291,435</u>

Note 7 Borrowings

	Consolidated Group	
	31	30 June
	December	2016
	2016	
	\$	\$
CURRENT		
Loan - third party	-	817,775
Total current borrowings	<u>-</u>	<u>817,775</u>
Total borrowings	<u>-</u>	<u>817,775</u>

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2016

Note 8 Interests in Subsidiaries

Name of subsidiary	Place of Incorporation	Ownership interest held by the Company	
		As at 31 December 2016	As at 30 June 2016
Ecochar Pty Ltd	Australia	100%	100%
Ion Resources Pty Ltd	Australia	100%	100%
Ferrous Resources Pty Ltd	Australia	100%	100%
Ferrominas Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%
Floniler Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%
Joutes Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%
Hamfu Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%
Kyntu Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%
Rolben Sociedad Anonima	Uruguay	Disposed - 21 February 2017	100%

Note 9 Events After the Reporting Period

The Company conducted limited exploration activity for the reporting period instead it choose to focus on the disposal of the Company's interest in the Zapucay Project via the sale of its wholly owned Uruguay domiciled subsidiaries. As previously advised this sale was successfully completed on 21 February 2017 following shareholder approval which was granted on 6 February 2017.

The Company has completed two placements post 31 December 2016 where it successfully raised \$181,749 before costs, issuing a total of 116,416,086 fully paid ordinary shares. The funds raised will be used to pay down creditors and to explore and evaluate other exploration projects that the Company may acquire. The Company currently has no ownership interest in any exploration assets following the divestment of Zapucay Project. As such the Company has received correspondence from the ASX that it has been given a six month period to acquire either an interest or outright ownership of another exploration project or face the possibility of having its listed securities suspended from quotation. The Board is confident that such assets will be acquired in the near term and before the expiry of the six month

The Company has also seen a change in Directors post 31 December 2016. Both Mr Ian Hastings and Mr Ian Richer were appointed to the Board following the resignations of Mr Donald Low and Mr Michael Neundlinger on 28 February 2017. Please refer to the ASX announcement on that date for further details on Mr Hasting and Mr Richer.

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

Note 10 Financial Instruments

The Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables and trade and other payables.

The carrying amount of these financial assets and liabilities approximate their fair value.

The Group does not hold any trading financial assets up to the date of this report. (30 June 2016: nil)

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES

ABN: 58 101 026 850

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Gladiator Resources Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 3 to 12, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act



Director

Mr Andrew John Draffin

Dated this 15 March 2017

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gladiator Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gladiator Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gladiator Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gladiator Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gladiator Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1(d) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO East Coast Partnership

A handwritten signature in black ink that reads 'Gareth Few'. Above the signature, the letters 'BDO' are written in a smaller, cursive script.

Gareth Few
Partner

Sydney, 15 March 2017