



25 August 2016

ASX Release

Term Sheet Executed – Disposal of Subsidiaries

Gladiator Resources Ltd (**Company**) wishes to advise that the Company has entered into a non-binding Term Sheet, with an independent third party, for the disposal of the Company's 100% owned subsidiaries domiciled in Uruguay, which will result in the Company disposing of its current interest in the Zapucay Project in the North of Uruguay.

The proposed transaction is subject to a number of conditions precedent, including completion of due diligence investigations by the parties, negotiation and execution of final binding sale agreements and the approval of the Company's shareholders at a general meeting.

The parties have reached in principle agreement under the term sheet for the sale of the Company's interest for total cash consideration equal to the liabilities of the Company's Uruguayan subsidiaries, which includes the loan to the Company's subsidiary Ferrominas SA, provided under the loan agreement executed in September 2015, which is guaranteed by the Company..

The Company's lawyers have been instructed to prepare the relevant sale agreement and accompanying documentation and the parties have commenced their due diligence. The Company intends to finalise the due diligence process and convene a general meeting to approve the transaction as soon as practical following entry into formal binding agreements.

The execution of the Term Sheet allows the Company greater certainty to continue its evaluation of a number of other exploration projects.

As previously stated, the Board is of the view that the sale of its interests in the disputed Zapucay Project and the resulting reduction in the Company's debt will provide the Company with greater ability to progress negotiations on alternative exploration projects currently being evaluated including the potential transaction being discussed with third parties concerning a gold exploration project in Australia, as announced in the Company's quarterly activities report on 29 July 2016.

The Company will continue to update the market in respect of the formalisation of the binding sale agreements and the anticipated timing of the general meeting to approve the transaction as the matter progresses.

Please contact the Company Secretary on the number below for further enquiries.

Andrew Draffin
Company Secretary