GLADIATOR RESOURCES LTD

QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2012

Corporate Summary

ASX Code: ***GLA***
Issued Capital: ***225.5 Million***

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REVIEW OF OPERATIONS
HIGHLIGHTS

ISLA CRISTALINA JOINT VENTURE (ZAPUCAY PROJECT) – URUGUAY

- Pre-Feasibility Study completed and indicates technical and financial viability of developing the Zapucay Project in Uruguay to produce Merchant Pig Iron and Iron Ore Pellets for export.

- Key aspects of the Pre-Feasibility Study include:
  - Current known resources sufficient to sustain annual production of 420,000 tonnes of MPI and 570,000 tonnes of pellets over a period of at least 19 years with scope to increase resource base and project life.
  - Favourable Internal Rate of Return of 20% before tax.
  - The high quality of the MPI and pellets should ensure ready acceptance in the world market for these products with major end users indicating interest for offtake contracts.
  - Gladiator has an exclusive worldwide licence for the use of environmentally sound DPC pyrolysis technology for charcoal production.
  - The project has a flexible scale of development, with the potential to be scaled up or down without losing its competitive cost position.
  - Project logistics based on existing infrastructure.
  - Regulatory and environmental approvals and permitting process for the Project have commenced.

Figure 1: Location of the Zapucay Project and the Isla Cristalina Belt in Uruguay

IRON ORE, MANGANESE, BASE METALS

ISLA CRISTALINA JOINT VENTURE, URUGUAY

Interest: Gladiator Resources Limited earning up to 80%
Operator: Gladiator Resources Limited

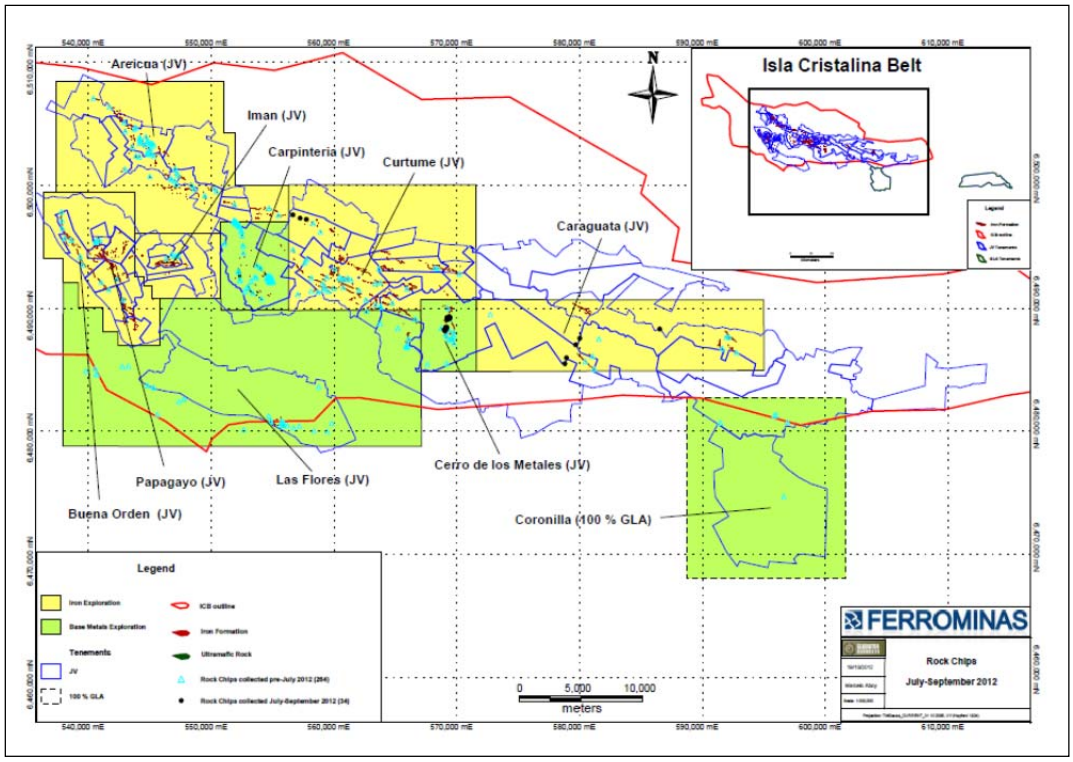

Figure 2: Location of Joint Venture Tenements and Iron & Base Metal Projects

The following activities were undertaken within the joint venture tenements during the quarter:

Zapucay Merchant Pig Iron Project

- Zapucay Project mineral resource update completed by SRK Consulting (UK) Limited. Mineral resource updated and increased to a JORC compliant Indicated and Inferred Mineral Resource of 69.4 million tonnes at an average grade of 26.5% Fe containing 22.6 million tonnes of high quality magnetite with low content of phosphorus and sulphur.
- Pre-Feasibility Study ('PFS') successfully completed and indicates technical and financial viability of the Zapucay Pig Iron Project.
- 12 tonne bulk sample of drill core and RC drill chips prepared and shipped to Perth for pilot plant test work and production of magnetite concentrate for pelletisation test work.
- Head assay results received for 498 samples from 68 drill holes.
- Preliminary interpretation of ground magnetic data completed and indicates potential for additional magnetite mineralisation.
- Discussions continuing with Uruguayan port and rail authorities regarding their proposed new port near Montevideo, which has the potential to reduce project transportation costs.
- Uruguayan Department of the Environment has accepted the Zapucay Project submission and invited the Company to proceed with final Project submission.

Isla Cristalina Belt – Base Metals

- Exploration for iron and base metals within Isla Cristalina Joint Venture ('joint venture') tenements and 100% Gladiator owned tenements continuing.

- Remote sensing study commissioned to assist with exploration activities.
- Geophysical data interpretation commissioned to assist with exploration targeting.
- Mapping and sampling continued at Cerro de los Metales.
- Mapping and sampling continued at Caraguata, results for 5 rock chip samples received.
- Results received for 50 rock chip samples from the Carpinteria nickel prospect.
- Results received for 4 rock chip samples from the Las Flores region.

ZAPUCAY MERCHANT PIG IRON PROJECT

Background

The Zapucay Merchant Pig Iron Project is located approximately 450 km north of Montevideo, the capital of Uruguay and 50 km from the border of Brazil (Figure 1). The Project is subject to the Isla Cristalina Joint Venture ('joint venture') with Orosur Mining Inc ('Orosur') in which Gladiator has a 51% interest and the right to earn 80% through the successful completion of a Definitive Feasibility Study ('DFS') by 31 December 2015.

The joint venture tenements cover an area of approximately 750 km^2 within the Isla Cristalina Belt. Gladiator has applications for two prospecting permits covering an additional 150 km^2 in the area. The Isla Cristalina Belt is a Palaeoproterozic orogenic belt located in Northern Uruguay and hosts a number of magnetite deposits, several of which are located within the Zapucay Project area.

The Project's development is based on mining and processing the magnetite resources from the Papagayo, Buena Orden and Iman magnetite deposits in the Zapucay region to produce merchant pig iron ('MPI') for export. The concept envisages that the iron ore will be mined and processed to an iron concentrate, which will then be pelletised to make it suitable as a blast furnace feed. Charcoal, produced using the timber from nearby plantations, will be used as the reductant in the mini blast furnace ('MBF'). The pig iron will then be exported using established rail and port infrastructure.

Additional magnetite resources are present nearby at Areicua and Curtume (Figure 2) and, subject to drill evaluation, they have the potential to become standalone projects or enable expansion of the Zapucay Project. Figure 3 shows the Zapucay Project area in more detail and indicates the extent of the drilling and magnetic geophysical surveys.

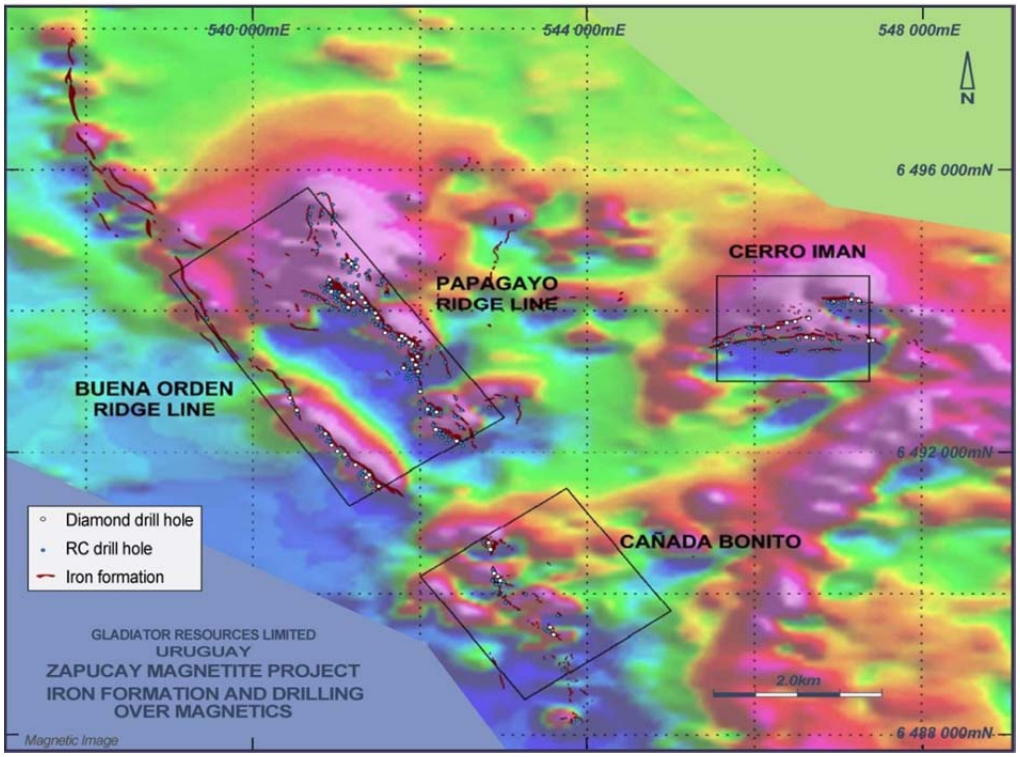

Figure 3: Zapucay Project – Location of Magnetite Deposits, Drilling & Airborne Magnetics

Mineral Resources

During the quarter SRK Consulting (UK) Limited (SRK) completed an update of the Mineral Resource Estimate at the Zapucay Project. This update was announced to the market on 7 September 2012 and follows on from a previous estimate completed by Coffey Mining Pty Ltd (Brasil) announced in June 2011. The JORC compliant Indicated and Inferred Mineral Resource of 69.4 million tonnes at an average grade of 26.5% Fe is based on 26,147m of drilling completed during the period August 2010 to December 2011.The drill programme included 55 holes (3,634m) at Iman and 240 holes (22,513m) at the Buena Orden and Papagayo ridges. Figure 3 shows the distribution of magnetite mineralisation, and the area of drilling and geological modelling superimposed on an aeromagnetic image.

The Buena Orden and Papagayo ridges have a minimum combined strike length of approximately 12 kms and dip steeply to the southwest, whilst Iman strikes east-west for 2 kms and dips steeply to the south. The mineralisation in all deposits is open down dip.

The drill holes were logged and sampled at one-metre intervals and laboratory staff at the nearby Orosur mine site carried out sample preparation. Nagrom Laboratory in Perth completed X-ray fluorescence ('XRF') assay and Davis Tube Recovery ('DTR') determinations on all drill samples.

Based on the drill results, SRK plotted a series of cross sections at an approximate spacing of 100m to create geological models for Papagayo-Buena Orden and Iman. SRK defined a block model for each of these mineralised areas, with a block size of 50m x 50m x 10m and the resource and grade were estimated using Ordinary Kriging for all variables. No grade capping was applied during the grade estimation process. Average rock densities of 3.28t/m^3 and 3.24t/m^3 were derived for Iman and Papagayo-Buena Orden respectively based on 2,256 drill core density measurements.

The SRK JORC compliant Mineral Resource statement is summarised in Table 1. A lower cut-off of 15% Fe was applied however the mineralised boundaries are very sharp. In addition, the Mineral Resource Statement is reported inside an optimised pit shell, based on anticipated mining costs and recoveries generated by Gladiator. Significantly, within the optimised pit shell some 5.4 million tonnes grading 25.8% Fe at Cerro Papagayo are now classified as Indicated Mineral Resources, with the remainder of the modelled mineralisation classified as Inferred Mineral Resources.

TABLE 1
ZAPUCAY PROJECT
MINERAL RESOURCE STATEMENT – (SRK 2012)
(Based on 15% Fe lower cut-off & depth constraints as noted in table)

Resource Classification	Tonnes Million	DTR (%)	Assay (%)					
			Fe	SiO_2	Al_2O_3	Mn	P	LOI
Iman *(0 – 150m depth from surface)*								
Inferred	15.2	38.3	29.2	37.8	3.4	5.3	0.10	0.7
Papagayo and Buena Orden *(0 - 190m depth from surface)*								
Indicated	5.4	29.1	25.8	38.8	4.1	6.4	0.09	1.2
Inferred	43.9	31.0	25.9	38.8	3.9	5.6	0.09	1.5
Buena Orden South *(0 - 190m depth from surface)*								
Inferred	4.9	33.3	23.8	40.5	4.5	5.6	0.09	2.4
Total	69.4	32.6	26.5	38.7	3.8	5.6	0.09	1.4

Table 2 shows the resource converted into magnetically recoverable fractions and resultant concentrate grades using DTR determinations and confirms the high quality of the contained magnetite with very low levels of phosphorus. This represents a 15% increase over previous estimations.

SRK considers that the Mineral Resources meet the criteria of having reasonable prospects for eventual economic extraction, as defined by the JORC code, through the derivation of an optimised pit shell and the application of a cut-off grade.

TABLE 2
ZAPUCAY PROJECT
MINERAL RESOURCE DTR MAGNETIC FRACTION – (SRK 2012)
(No lower cut-off applied)

Deposit	Tonnes Million	Assays % (Estimated from DTR composites)				
		Fe	SiO_2	Al_2O_3	Mn	P
Cerro Iman	5.8	63.8	3.9	0.4	2.3	0.01
Cerro Papagayo	15.2	62.9	4.8	0.6	1.6	0.01
Buena Orden	1.6	60.2	7.4	0.9	1.9	0.01
Total	22.6	63.0	4.7	0.6	1.8	0.01

Analytical Results

Head assay results ('XRF') were received for 498 samples from 61 drill holes, which were consigned to Perth at the end of August 2012. The samples were selected based on a review of all existing drill logs and assay results to test intervals where there was a possibility of additional iron mineralisation. Several samples were selected from saprolite zones where no iron mineralisation was logged, but where cross–sections and drill profiles suggested there could be mineralisation. Approximately 40% of the samples reported a head assay of greater than 15% Fe and composites of these together with additional appropriate samples have been sent to Perth for DTR analysis.

Geophysics and Structural Mapping

A consultant geophysicist has completed an interpretation of 100m line-spaced ground magnetic data. Gladiator has access to this data through its Joint Venture Agreement with Orosur, which acquired the data during 2006. The interpretation has indicated new areas of potential magnetite mineralisation, including potential along strike and down-dip extensions of the Buena Orden and Papagayo ridge lines and potential new areas of magnetite mineralisation within the Zapucay Project area.

Detailed structural mapping was completed at Cerro Papagayo and Cerro Bonito in the Papagayo ridge line.

Bulk Sample

During the quarter a 12 tonne sample of drill core and RC drill chips was prepared and shipped to Perth by sea freight. The material will be used for one or more samples for pilot plant test work, which will confirm the concentrator flowsheet and generate magnetite concentrate for pelletisation test work. The material will also provide samples for the calculation of engineering parameters.

Preliminary Feasibility Study

During the quarter work continued on the preparation of the Pre-Feasibility Study ('PFS') for the Zapucay Project. The study was finalised in mid-October and announced to the market on 18 October 2012. The PFS has demonstrated the robust economics of the Project based on the annual production of 420,000 tonnes of MPI and 570,000 tonnes of iron ore pellets over a period of at least 19 years. Financial analysis indicates a favourable internal rate of return of 20% before tax.

A marketing report from Ferrum Consultants Pty Ltd, commissioned in January 2012 indicate that demand for MPI should increase at a rate equal to or greater than the growth in global crude steel production over the period to 2020. The high quality of the MPI and pellets should ensure ready acceptance in the world market for these products with major end users indicating interest for offtake contracts.

Capital costs are estimated at US$455 million and operating costs at US$276 per tonne of MPI and US$111 per tonne of pellets. The Project has flexibility in its development options, whereby it has the potential to be developed at a reduced capital cost of approximately US$200 million, without losing its competitive cost advantage.

The Company has now commenced planning for the DFS.

The main aspects and findings of the PFS are summarised below.

Mining and Processing

The deposits will be mined using conventional open pit mining methods with hydraulic excavators and off road haul trucks. At the planned ore production rate of 3.6 Mtpa there are sufficient resources for an expected mine life of 19 years with scope to significantly increase the resource base and project life.

The two ore types, low and high manganese respectively, will be processed in a conventional magnetite concentrator to produce low and high manganese concentrate for pelletisation. The concentrator flow sheet has been based on the results of a comprehensive programme of metallurgical testwork completed over the past two years. Table 3 shows the expected concentrate quality from the low and high manganese ores from Papagayo and Iman. The quality of the concentrates is excellent with very low phosphorus and sulphur contents.

TABLE 3
ZAPUCAY PROJECT
FORECAST MAGNETITE CONCENTRATE QUALITY

Constituent	Ore Type			
	Papagayo Low Mn	Papagayo High Mn	Iman Low Mn	Iman High Mn
Fe %	69.24	66.66	69.88	67.20
SiO_2 %	1.22	1.15	0.85	1.57
Al_2O_3 %	0.13	0.19	0.25	0.29
MnO %	1.93	5.11	1.28	3.96
S %	0.002	<0.001	0.009	0.001
P %	0.002	0.002	0.003	0.001

Pelletisation

The two concentrates will be campaigned through a grate kiln pellet plant using pulverised charcoal as fuel to produce low and high manganese pellets. The indicative chemistries for fully fluxed and acid pellets for low and high manganese ores from Papagayo and Iman are shown in Table 4.

TABLE 4
ZAPUCAY PROJECT
PAPAGAYO & IMAN LOW AND HIGH MANGANESE ORES
INDICATIVE CHEMISTRY FOR FULLY FLUXED AND ACID PELLETS

Constituent	Fully Fluxed Pellets		Acid Pellets	
	Average Low Manganese	Average High Manganese	Average Low Manganese	Average High Manganese
Fe %	65.77	63.38	66.72	64.46
SiO_2 %	1.49	1.77	1.56	1.85
Al_2O_3 %	0.30	0.31	0.32	0.34
Mn %	1.15	3.16	1.17	3.21
P %	0.003	0.002	0.003	0.002
S %	0.005	0.003	0.005	0.005

Mini Blast Furnace

Fully fluxed pellets will be converted to MPI in MBF designed to use charcoal as the reductant. The Company envisages the construction of two furnaces each with a production capacity of 210,000 tonnes of MPI per year. Charcoal based MBFs of this size are common in Brazil. The furnaces will have the ability to generate a high temperature blast and also fuel an electricity cogeneration plant, which will provide over one third of the electricity demand of the Project.

Indicative specifications of basic pig iron and MPI from the low and high manganese ores are shown in Table 5. The low manganese ore produces a product very similar to basic pig iron but with extremely low phosphorus and sulphur. The manganese level can be controlled by grade control and the typical pig iron product from the project will be a basic pig iron with very low levels of phosphorus and sulphur.

TABLE 5
ZAPUCAY PROJECT
INDICATIVE PIG IRON CHEMISTRY

Constituent	Basic Pig Iron Specification Grade %	MPI from Low Mn Ore Grade %	MPI from High Mn Ore Grade %
Iron	>93	93.8	92
Carbon	3.5 to 4.5	4.2	4.2
Silicon	<1.5	0.6	0.6
Manganese	0.5 to 1.0	1.0 to 1.2	3.0 to 3.2
Sulphur	<0.05	<0.01	<0.01
Phosphorus	<0.12	<0.01	<0.01

Charcoal Production

Charcoal production will be undertaken in dedicated facilities using DPC pyrolysis technology. Gladiator has the exclusive worldwide license for the use of this technology outside of Brazil. Unlike traditional charcoal making methods, the DPC process is much more energy efficient, translating to a significant increase in yield. The DPC process has very low gas emissions and is therefore environmentally sound when compared to traditional charcoal making processes. The majority of charcoal produced will be consumed in lump form in the MBF with charcoal fines being used in the pellet plant. This ensures that all charcoal produced, lump and fines will be consumed by the Project.

Timber supply for the charcoal plant will be obtained from the commercially operated plantations located in the northern and central regions of Uruguay, with a focus on the small diameter thinnings which otherwise have little or no market value.

Project Logistics and Infrastructure

It is proposed to truck the MPI and pellets from site to a loading facility on the rail line near the border with Brazil, a distance of approximately 98 kms. From there the products will be railed to the Port of Rio Grande in Brazil, a distance of 687 kms (Figure 4). The export terminal has a draft of up to 12 metres and is currently serviced by Handymax and Panamax sized ships.

The Uruguayan government-owned, national electricity provider will supply electricity to the Project. A high voltage line currently supplies power to a nearby gold mine located to the west of the Zapucay Project site. To connect the Project to the national grid, 22 kilometres of 150 kV power line will be constructed.

Process water for the Project will be sourced from a number of water supply dams that will be constructed within the Project site. These dams will collect and store rainfall from across the Project site. The average annual rainfall in the area is estimated at approximately 1,300 mm and is relatively consistent throughout the year.

Figure 4: Product Transport Logistics

The workforce for the Project will be sourced from the local region, which is home to several towns and farming communities. It is envisaged that a permanent accommodation camp will be established for drive in/drive out employees.

Overall PFS Financial Results

For the purposes of the PFS, the following was assumed:

Resource (inferred and indicated)	66.7 million tonnes
Average waste: ore ratio	3.37:1
Average waste: ore ratio (over first 14 years)	2.9:1
Average Weight Recovery to concentrate	33%
Ore Production Rate	3.6 million tonnes per year
Mini Blast Furnaces Productivity	210,000 tonnes per year
Overall Employment Estimates	654 persons
Life of Mine	19 years
Overall Production Costs	US$276 / tonne of MPI & US$111 / tonne of pellets
Estimated Overall Capital Cost	US$455 million
Forecast average price for MPI	US$475 per tonne (fob)
General corporate income tax rate	25%
Nominal mineral royalty rate	5% of the sale price for magnetite concentrate
Project Internal Rate of Return (IRR)	19% post tax

Grant Thornton in Uruguay was commissioned by the Company to undertake a review of the project. The review assessed the potential for the Project to access the Uruguayan Government's investment incentive schemes, the impact of potential taxation changes in Uruguay and the overall Project cash flows and financial returns.

Based on the review a substantial portion of the capital investment will be eligible for consideration under the investment scheme, which will provide tax advantages for the Project.

Capital Expenditure

The PFS has identified an initial capital cost of US$455 million. Of this, US$378 million will be upfront, with the balance expended over the first year of operations. Table 6 summarises the estimated capital expenditure breakdown for the Project.

TABLE 6 ZAPUCAY PROJECT CAPITAL COST (US $Millions)	
Item	Capital cost US $millions
Mining and infill drilling	15.10
Concentrator	73.17
Charcoal plants	66.09
Pellet plant	55.80
Blast furnaces	75.40
Material handling and product logistics	27.58
Site infrastructure and general	58.01
Owners cost	26.75
Contingency	56.79
Total	454.69

The Project has a flexible scale of development, with the potential to be scaled up or down without losing its competitive cost position. Significantly, in the case of a smaller development, the overall operating costs per tonne of product are not expected to increase. This is due to the potential to lower the Waste:Ore ratio in the mine, thus reducing overall mining costs and offsetting any increases in operating costs that may result due to fewer economies of scale. The capital cost of a development option consisting of a single MBF is forecast at US$200 million.

Operating Costs

The overall production costs are estimated at US$276 per tonne of MPI and US$111 per tonne of pellets and are summarised in Table 7.

TABLE 7 ZAPUCAY PROJECT OPERATING COSTS FOR MERCHANT PIG IRON (MPI) & PELLETS			
Merchant Pig Iron		Iron Ore Pellets	
Area	Cash Operating Cost (US$ per tonne MPI, fob)	Area	Cash Operating Cost (US$ per tonne pellets, fob)
Pellets	94	Mining	20
Charcoal	120	Concentrator	24
Other	32	Pelletising	18
Logistics	49	Logistics	49
Power Credits	-18		
Total	277	Total	111

Financial Result

The expected Financial Result is shown in Table 8, indicating the robustness of the Project over a range of price forecasts.

TABLE 8 ZAPUCAY PROJECT FINANCIAL RESULT				
Scenario	NPV @ 10%		IRR	
	Before Tax (US $millions)	After Tax (US $millions)	Before Tax %	After Tax %
Average forecast price	309.9	253.6	20	19
Downside price	154.8	116.1	15	14
Upside price	524.1	445.9	26	24

Market Dynamics for Merchant Pig Iron

The Company commissioned Ferrum Consultants Ltd Pty ("Ferrum") to review the global market for MPI and provide advice on future demand and likely prices. Based on this advice Gladiator has concluded that the likely price for MPI is approximately US$475 per tonne (fob), moving within a range of US$400 to US$550 per tonne over the short to medium term after which general steel industry trends will drive the price. Demand for MPI is predicted to increase at a rate equal to or greater than the growth in global crude steel production over the period to 2020.

Gladiator should have a competitive advantage over many of its competitors due to its high quality iron ore supply, superior quality product with low content of phosphorus and sulphur as well as the ability to produce low cost charcoal using the DPC process.

Approvals Status

The Company lodged its Project Communication Document ('PCD') with the Uruguayan Department for the Environment in March 2012. This document summarises the proposed development at Zapucay and the related baseline environmental data. Lodgement of the document represents the first stage of the environmental approvals process. The Department accepted the document as a sufficient description of the project, initiating the Project approval process.

At the end of September the Uruguayan Department for the Environment advised Gladiator that they accepted the Project submission and invited the Company to proceed with the final Project submission.

ISLA CRISTALINA BELT – BASE METALS

During the quarter the British Geological Survey ('BGS') was commissioned to undertake a remote sensing study to map alteration and lithology over the Isla Cristalina Belt. The BGS used ASTER imagery to identify and rank targets for follow up exploration. The final report is expected to be received during the next quarter.

The BGS has provided the following preliminary comments:

- Interpretation works well where there is surface relief over the ICB but is not as effective on the flatter ground on the margins for the ICB due to masking by vegetation cover.
- Gold mining and exploration areas at San Gregorio and Zapucay are clearly identifiable.
- Areas of banded iron formation are identifiable.
- A 4 km long feature at the Carpinteria prospect has been identified.
- Five target areas of alteration have been identified, one to the north of Papagayo, two at Areicua and two at Curtume.

A complete geophysical interpretation of airborne magnetic and radiometric datasets and ground magnetic data has been commissioned. The results of this study together with that from the BGS will assist in identifying targets for follow up exploration work.

Exploration activities continued during the quarter at the Carpinteria and Cerro de los Metales nickel prospects and the Las Flores and Caraguata copper gold prospects. Assay results from rock chip samples recorded anomalous nickel values from Cerro de Los Metales and Carpinteria prospects. Follow up exploration activities are being planned.

EXPLORATION LICENCES 100% OWNED BY GLADIATOR

During the quarter preliminary exploration activities were commenced within the Acegua and Coronilla exploration licences titles which are held 100% by Gladiator.

BIOMASS PYROLYSIS TECHNOLOGY

LICENSING RIGHTS TO DPC PROCESS

DPC Process and Zapucay Project
DPC is assisting Gladiator in the preparation of the various technical and environmental studies associated with charcoal production for the Zapucay Project.

PROJECT OVERVIEW AND BACKGROUND
Licensing Agreement
During July 2010 the Company entered into an agreement, "The Patent Technology and Know-How Licence Agreement", with the inventors of the DPC biomass pyrolysis process.

The licence grants Gladiator the worldwide rights, with the exclusion of Brazil, in the field of carbonisation and pyrolysis of biomass, mainly wood and other materials (with the exception of tyres) for the production of charcoal. Gladiator is able to proceed to develop and commercially exploit the technology within the territory and is also able to sub-licence the use of the technology territorially or to industry sectors.

The Licence is for an initial term of six years with extensions of four further terms of three years provided commercial milestones are met in commissioning plants or payments in lieu of commissioning fees to the inventors.

DPC Process
The DPC Process comprises three phases occurring simultaneously in three interconnected horizontal kilns to produce charcoal from suitable organic feedstock, such as timber from eucalypt plantations. Compared to conventional and traditional methods of charcoal production, the DPC Process offers many advantages including:

- Higher yield;
- Lower fines generation;
- Significantly faster production cycles;
- The ability to process green, freshly harvested timber;
- A dramatically reduced environmental impact; and
- Lower overall charcoal production costs.

The Process also leads to a reduction in timber consumption, resulting in minimising the area of plantation necessary to support a given level of charcoal production, with a saving in timber production costs. When compared to other methods, the Process generates a stronger charcoal with higher fixed carbon content and more uniform product quality.

The charcoal produced by the Process is very suitable for use as a reductant in mini blast furnaces. Gladiator believes that the Process represents a valuable addition to its Zapucay Pig Iron Project and will assist in ensuring that the Project will be highly competitive when compared to other pig iron producers.

GOLD and NICKEL

EAST KALGOORLIE

HOGAN'S PROJECT (E26/108, E15/774, E15/803 and E15/1044)

Interest: 100%
Operator: Gladiator Resources Ltd

The Company has a joint venture arrangement over the Hogan's Project area, located approximately 25km east of Kambalda, with Octagonal Resources (WA) Limited ('Octagonal'), which acquired the earn-in rights to the project from Newmont Exploration Pty Ltd in December 2010.

Joint Venture with Octagonal

The joint venture with Octagonal deals with the rights to gold on the Hogan's Project area. Under the terms of the joint venture, Octagonal has an option to earn a 70% interest in the rights for gold in the project tenements by expending $800,000 on exploration by 24 March 2012 (completed) after which Octagonal may elect to earn an additional 10% interest by expending a further $300,000. Total project expenditure credited to Octagonal as at the end of September 2012 amounts to $865,178.

Gladiator is not required to contribute its proportion of joint venture costs until a decision to mine is made by the Joint Venture.

Octagonal has advised that no work was undertaken on the joint venture tenements during the quarter ending 30 September 2012.

Signed on behalf of the Board of Gladiator Resources Limited

For further information:

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Note: The Board, based on independent technical advice, reasonably expects the majority of the Inferred Mineral Resource would be upgraded to an Indicated Mineral Resource with continued exploration, however it should not be assumed that such upgrading will always occur. Only Indicated or Measured Resources under the JORC Code can be used to estimate an Ore Reserve, consequently the forecasts in the Pre-Feasibility Study must be considered conceptual.

Competent Person Statement

The information in this report that relates to Mineral Resources is based upon information compiled by Dr Lucy Roberts, a geologist with 8 years relevant experience and who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Roberts is a full-time employee of SRK Consulting (UK) Ltd, an independent Consultancy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Lucy Roberts consents to the inclusion in the report of a summary based upon her information in the form and context in which it appears.

The information in this report that relates to Mining, Processing, Marketing and Financial Analysis is based on information compiled by Tim Adams, a mining engineer with 25 years relevant experience. Tim Adams is a full time employee of Gladiator Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Tim Adams consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

The information in this report that relates to exploration results is based on information compiled by Alex Nutter who is a Fellow of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as a competent person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Alex Nutter consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Disclaimer

Certain of the statements made and information contained in this release may constitute forward-looking information and forward-looking statements (collectively, "forward-looking statements"). The forward-looking statements in this release relate to future events or future performance and reflect the current expectations, assumptions or beliefs of the Company based upon information currently available to the Company and include, but are not limited to, statements with respect to the estimation of mineral resources, the realisation of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage.

With respect to forward-looking statements contained in this release, assumptions have been made regarding, among other things, the reliability of information prepared and/or published by third parties that are referenced in this press release or was otherwise relied upon by the Company in preparing this press release. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct as actual results or developments may differ materially from those projected in the forward-looking statements. There is no assurance that the results of the pre-feasibility study will be replicated in actual production conditions or that the IRR or NPV will be as projected. Factors that could cause actual results to differ materially from those in forward-looking statements include, among other things, unforeseen technology changes that results in a reduction in iron or magnetite demand or substitution by other metals or materials, the discovery of new large low cost deposits of iron magnetite and the general level of global economic activity, changes in project parameters as plans continue to be refined, future prices of mineral resources, possible variations in ore reserves, grade or recovery rates; accidents, dependence on key personnel, labour pool constraints, labour disputes, delays in obtaining governmental approvals or financing or in the completion of development or construction activities, and other risks of the mining industry. Readers are cautioned not to place undue reliance on forward-looking statements due to their inherent uncertainty. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. The forward-looking statements contained in this release are made as of the date of this press release and except as may otherwise be required pursuant to applicable laws, the Company does not assume any obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise.

- Ends -

For further information:
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Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10.

Name of entity

GLADIATOR RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
58 101 026 859	30 SEPTEMBER 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (3 months) $A'000
1.1	Receipts from product sales and related debtors	--	--
1.2	Payments for (a) exploration & evaluation	(734)	(734)
	(b) development	--	--
	(c) production	--	--
	(d) administration	(297)	(297)
1.3	Dividends received	--	--
1.4	Interest and other items of a similar nature received	12	12
1.5	Interest and other costs of finance paid	--	--
1.6	Income taxes paid	--	--
1.7	Other (GST)	33	33
	Net Operating Cash Flows	(986)	(986)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	--	--
	(b) equity investments	--	--
	(c) other fixed assets	(3)	(3)
1.9	Proceeds from sale of: (a) prospects	--	--
	(b) equity investments	--	--
	(c) other fixed assets	--	--
1.10	Loans to other entities	--	--
1.11	Loans repaid by other entities	--	--
1.12	Other (provide details if material)	(34)	(34)
	Net investing cash flows	(37)	(37)
1.13	Total operating and investing cash flows (carried forward)	(1,023)	(1,023)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,023)	(1,023)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	--	--
1.15	Proceeds from sale of forfeited shares	--	--
1.16	Proceeds from borrowings	--	--
1.17	Repayment of borrowings	--	--
1.18	Dividends paid	--	--
1.19	Other (capital raising costs)	(26)	(26)
	Net financing cash flows	(26)	(26)
	Net increase (decrease) in cash held	(1,049)	(1,049)
1.20	Cash at beginning of quarter/year to date	3,536	3,536
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	2,487	2,487

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

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	233
1.24	Aggregate amount of loans to the parties included in item 1.10	--

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	100
4.2	Development	--
4.3	Production	--
4.4	Administration	100
	Total	**200**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	87	336
5.2	Deposits at call	2,400	3,200
5.3	Bank overdraft	--	--
5.4	Other (share application account)	--	--
	Total: cash at end of quarter (item 1.22)	2,487	3,536

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed		(refer attached notes)		
6.2	Interests in mining tenements acquired or increased		(refer attached notes)		

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	225,485,222	225,485,222		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	6,500,000 6,000,000 14,017,389 750,000 1,000,000 1,000,000 125,000 137,996,956	-- -- -- -- -- -- -- 137,996,956	*Exercise price* $0.50 $0.70 $0.40 $0.30 $0.30 $0.40 $0.40 $0.10	*Expiry date* 06/07/2013 06/07/2013 31/12/2012 31/12/2012 31/12/2013 31/12/2013 30/06/2013 30/06/2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,500,000	--	$0.35	06/07/2012
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

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

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

Sign here: ..... Date: 31 October 2012
(Director)

Print name: JOHN PALERMO

Notes

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

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

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

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

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

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+ See chapter 19 for defined terms.