GLADIATOR RESOURCES LIMITED

(ABN 58 101 026 859)

2012 ANNUAL REPORT

GLADIATOR RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

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CHAIRMAN'S REPORT

On behalf of the Board, I am pleased to present the Gladiator Resources Annual Report and the results for the year ended 30 June 2012.

Gladiator's activities during the reporting period principally related to the Zapucay Project, Uruguay, a joint venture with Orosur Mining Inc. (OMI) and the licensing arrangements with the Brazilian carbonisation and pyrolysis technology for charcoal production.

The Zapucay Project is not a conventional iron ore play, rather the concept is to produce merchant pig iron. This will be achieved by mining and concentrating magnetite ore in the Isla Cristalina Belt and to use the product in mini blast furnaces to produce merchant pig iron. This avoids the issue of a large scale production with consequent extreme capital costs that is required for conventional magnetite export projects. It also focuses the Project on the iron metallics market and not the global seaborne iron ore market.

The combination of high grade concentrate, charcoal technology and availability of timber will generate low cost pig iron production. Given the strong global demand for virgin iron, the financial feasibility of the Project is expected to be very good.

By March 2011, Gladiator had spent in excess of US$1 million on the project and consequently earned 20% of the joint venture. Further expenditure of $4m triggered Gladiator earning 51% of the joint venture in August 2011. When Gladiator produces a bankable feasibility on or before 31 December 2015, it will earn a further 29% taking its interest in the joint venture to 80%.

Highlights during the year were:

- A capital raising of $6.1m;
- Completion of in excess of 26,000m of drilling including 81diamond drill holes for 6,194m of drilling. The results from this work were used by SKR to update the Resource to 69 million tonnes grading 26.5% Fe which will convert to 22.6 million tonnes concentrate grading 63% Fe;
- Engineering work continued on concentrator and blast furnace design. It was decided that pelletising instead of sintering would be used to prepare the blast furnace ferrous feed;
- Preliminary site layout plan was produced showing mining pits, waste dumps, processing plants and waste, and tailings storage;
- Charcoal testwork showed a high quality product could be produced with good yields from all the plantation timber types in the Project area;
- An acceptable logistic chain consisting of trucking 98kms to Puerto Seco (Uruguayan dry port south of Rivera) then railed to the Brazilian port of Rio Grande for ultimate export; and
- Commencement of a pre-feasibility study (PFS) which will be released shortly.

Overall, a very fruitful year where significant progress was made in advancing the Zapucay Project to the next stage of development.

I wish to acknowledge my fellow Directors for their support as we move forward with the Zapucay Project and in particular to Tim Adams, Executive Director, for his continuing efforts in Uruguay to bring the Project to fruition.

Dated this 28th day of September, 2012

LEONARD DEAN
Chairman

REVIEW OF OPERATIONS

OVERVIEW

Gladiator's principal focus is the Zapucay Pig Iron Project, located in northern Uruguay, where the Company has identified an opportunity to develop a low cost pig iron project producing Merchant Pig Iron ("MPI") for sale into the world market. MPI is cold iron, cast into ingots and sold as ferrous feedstock for the steel and metal casting industries. It falls into the category of ferrous metallics of which iron and steel scrap comprises by far the largest volume, others include direct reduced iron ("DRI") and hot briquetted iron ("HBI"). Ferrous metallics are the ferrous feedstocks for steelmaking using Electric Arc Furnaces ("EAF") and for ferrous metal casting. Steel scrap is generally the preferred ferrous raw material for these industries, however a major drawback with scrap is its relatively high level of contaminants. MPI is therefore a necessary part of the feedstock, particularly when high quality steels are being produced, due its very low levels of contaminants, which lowers the contaminant levels in final steel products.

Over 60% of steel production in the USA is based on EAFs, and studies show that, in the period to 2020, EAFs will contribute an increasingly greater proportion of global steel production due to their energy efficiency. This may even result in demand for ferrous metallics growing at a faster rate than global steel production. After this time, increasing levels of steel scrap generation in China can be expected to lead to the development of a large EAF based steel industry in that country, similar to that which exists in more mature economies such as Europe and the USA. While this may lead to more subdued Chinese demand for iron ore, it will further stimulate international demand for ferrous metallics such as MPI.

The Company believes that the Zapucay Project will realise attractive cash margins due to its internationally competitive cost position. This is due to a unique set of circumstances. As well as possessing its own supply of quality iron ore, the Project is able to access, within close proximity, large quantities of low cost plantation grown timbers to be used for charcoal production. The Project is located in an established mining district with experienced workforces and strong community support and can readily access existing infrastructure such as roads, railways, ports and the Uruguayan national electricity grid. Unlike much lower value iron ore, which is typically shipped in very large bulk carriers that require expensive port development and other costly infrastructure, high-value MPI is moved in much smaller vessels which are well suited to use the available ports in Uruguay and southern Brazil. The value adding aspects of the project are attractive to the Government of Uruguay and the wider community and because the Project is value-adding in Uruguay, it should be able to access the tax incentive schemes introduced by the Uruguayan Government to encourage capital investment.

During the year, Gladiator's main activities were focussed on completing the first stage of resource drilling at Papagayo, Iman and Buena Orden and finalising the various studies for the preliminary feasibility study on the development of the Zapucay Project Pig Iron Project. At the end of the financial year these studies were progressing well and nearing completion, however optimum production levels have not yet been determined and consequently capital and operating costs for the study remain to be finalised.

Resource drilling continued until the end of December 2011, by which time 233 RC drill holes aggregating 21,092 metres and 81 diamond drill holes aggregating 6,194 metres had been completed on the main mineral deposits within the Zapucay Project. In September 2012, the Company announced a JORC compliant Indicated and Inferred Mineral Resource, within an optimised pit shell, of 69.4 million tonnes grading 26.5% Fe of which 5.4 million tonnes grading 25.8% Fe at Cerro Papagayo are classified as Indicated Mineral Resources, with the remainder being classified as Inferred Mineral Resources.

REVIEW OF OPERATIONS *(continued)*

Assay results show thick intersections of magnetite mineralisation in the Zapucay resources and importantly Davis Tube Recovery test work shows high recovery of excellent quality magnetite with very low levels of deleterious material. The resource estimate shows that 32.6% of the mineral resource could be recovered by magnetic separation as a magnetite concentrate containing over 63% iron with very low phosphorus content of 0.01%.

The Company continued during the year, with studies required for the preparation of the preliminary feasibility study on the Zapucay Project utilising the services of suitably qualified organisations to assist with the design, operation and costing of the main components of the mine, concentrator, charcoal production plant, pellet plant, mini blast furnace, power plant and environmental and marketing studies.

The project concept envisages that the iron ore will be mined and processed to a magnetite concentrate, which will then be pelletised to make it suitable as a blast furnace feed. Charcoal, produced using timber from nearby plantations will be used as the reductant in a mini blast furnace. The pig iron will then be exported using the established rail and port infrastructure. The process utilises technologies currently in widespread use around the world.

During the year, a concentrator flow sheet was designed based on the results of a comprehensive programme of metallurgical test work. The test work showed that high quality magnetite concentrate could be produced from the Zapucay mineralisation, which in turn can be pelletised to produce high quality iron ore pellets as feed for a mini blast furnace.

Also during the year, DPC successfully completed test work to determine the yield and quality of charcoal from samples of timber available to the Project. DPC is working closely with Gladiator on the design and costing of the charcoal production facility for the Project. The Company's timber consultants completed work on sourcing both short-term and long-term supplies of timber suitable for the production of high quality charcoal.

The Company lodged its Project Communication Document with the Uruguayan Department for the Environment during March 2012. This document summarises the proposed development at Zapucay and also presents the baseline environmental data for the project area. 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, which initiated the project approvals process.

Octagonal Resources (WA) Limited continued an active exploration programme over the Hogan's Joint Venture tenements, which included drilling and gravity surveys with the objective of defining gold in regolith anomalies that may lead to the discovery of a major gold deposit. Exploration work by Octagonal has recorded several anomalous gold in regolith anomalies and defined significant mineralised trends at the main prospects.

In April 2012, the Company successfully raised approximately $6.1 million of new capital through a fully underwritten renounceable rights issue of 9 fully paid ordinary shares for every 11 fully paid shares held. 101,468,350 new shares at an issue price of $0.06 were issued. In addition, subscribers received one free option for every new share with an exercise price of $0.10 expiring on 30 June 2015. The capital was raised to fund ongoing exploration, engineering and metallurgical testing and advance the feasibility study on the Zapucay Pig Iron Project and enhance working capital.

ZAPUCAY PIG IRON PROJECT

Project Summary, Concept and Status

Gladiator's principal activities during the year were the completion of the first stage of resource drilling, resource estimation and continuation of various studies required for the preliminary feasibility study on the development of the Zapucay Project Pig Iron Project in northern Uruguay. As at the end of the financial year, these studies were progressing well and nearing completion.

Figure 1: Location of Isla Cristalina Belt and infrastructure in Uruguay and Southern Brazil

REVIEW OF OPERATIONS *(continued)*

The project is located approximately 450kms north of Montevideo, the capital of Uruguay and some 50kms from the border with Brazil (Figure 1). The project is subject to a Joint Venture Agreement with Orosur Mining Inc ("OMI") whereby the Company can earn up to an 80% interest in the iron ore, manganese ore and base metals in OMI's project area within the Isla Cristalina Belt in Uruguay (Figure 1). The agreement was signed in August 2010 and provides for the Company to earn up to an 80% interest in the project tenements by producing a bankable feasibility study on or before 31 December 2015. In August 2011, the Company reached a milestone by completing expenditure in excess of $5 million on the Zapucay project thereby earning a 51% interest in the joint venture project. The Company has elected to earn an additional 29% interest by completing the bankable feasibility study.

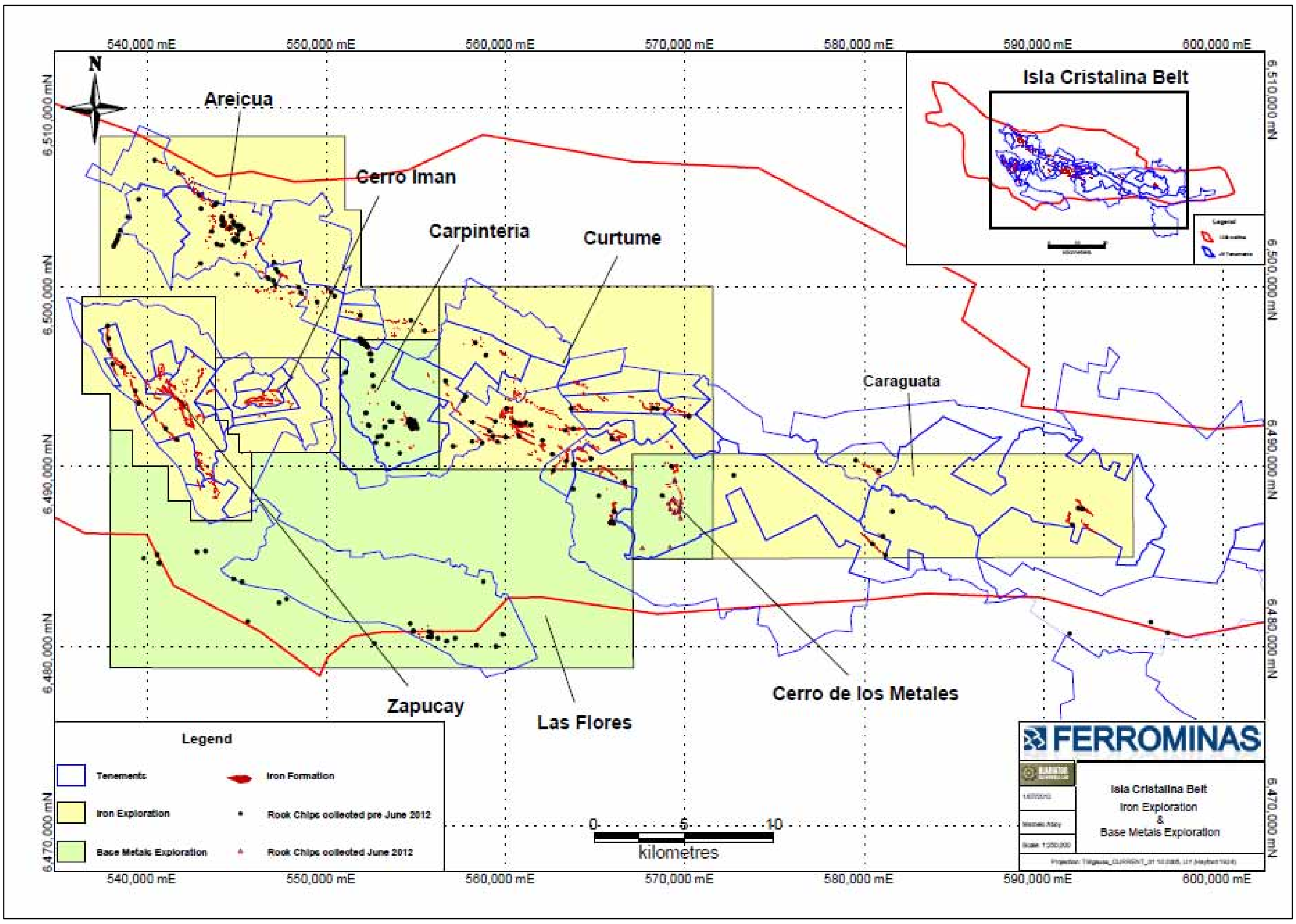

Figure 2: Location of Joint Venture Tenements and Iron & Base Metal Projects

The joint venture tenements cover an area of approximately 750kms^2 and in addition, Gladiator has applications for two prospecting permits covering a further 150kms^2 in its own name. The Isla Cristalina Belt is a Palaeoproterozic orogenic belt located in Northern Uruguay, with approximate dimensions of 100kms by 30kms and hosts several discrete iron formation occurrences, several of which are located within the Zapucay Project area. Additional areas include Areicua and Curtume and subject to drill evaluation they have the potential to become standalone projects or allow expansions of the Zapucay Project (Figure 2).

As part of Gladiator's obligations under the agreement, during 2010 the Company completed a conceptual study on the project and concluded that the Zapucay Project has the potential for the development of a financially attractive project based on the production of pig iron using the iron ore resources located within the project tenements.

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 timber from nearby plantations, will be used as the reductant in a mini blast furnace. The pig iron will then be exported using the established rail and port infrastructure. The process utilises technologies currently in widespread use around the world.

Work Undertaken During the Year

Resource drilling, which commenced in August 2010, continued until the end of December 2011. A JORC compliant Indicated and Inferred Mineral Resource of 69.4 million tonnes at an average grade 26.5% Fe was announced during September 2012. The resource estimate was prepared by SRK Consulting (UK) Limited and is based on drilling and assay data from the programme completed at the end of December 2011. A comprehensive programme of metallurgical testwork has been undertaken in conjunction with the resource drilling and results show that a high quality magnetite concentrate can be produced with extremely low phosphorus content using conventional processes.

Work continued on various studies for the preliminary feasibility study including preliminary mine planning, engineering design and estimates for capital and operating costs for the mine, concentrator, pellet plant, charcoal plant, mini blast furnace and mine infrastructure. The Company has commissioned a marketing study to determine the future demand for merchant pig iron and to compare the expected quality of pig iron from the Zapucay Project with that traded on the world market. Initial conclusions are that the material produced from the Zapucay Project should be well accepted in the market and have a competitive advantage over many of the existing producers.

A comprehensive environmental document for the Project was lodged with the Uruguayan Department of the Environment during the year, which initiated the environmental approvals process for the project.

Preliminary Feasibility Study

During the year, the Company continued with the work required to complete a preliminary feasibility study on the Zapucay project. The Company is utilising the services of the following appropriately qualified organisations to assist with certain aspects of the study including resource estimation, design, operation and costing of the main components of the mine, concentrator, charcoal production plant, pellet plant, mini blast furnace and power plant, product marketing and financial evaluation:

- Resource Evaluation: SRK Consulting (UK) Ltd
- Mine Planning: Coffey International (Brazil)
- Concentrator: Engineering & Project Management Services Pty Ltd (EPMS)
- Pellet Plant: EPMS
- Mini Blast Furnace: MiniTecMinitecnologias, Brazil (MiniTec)
- Charcoal Production: MiniTec and DPC. Brazil
- Power Plant: MiniTec
- Marketing: Ferrum Consultants Ltd
- Financial Evaluation: Grant Thornton (Uruguay)

REVIEW OF OPERATIONS *(continued)*

The development concept for the Project involves:

- The production of magnetite ore by conventional open pit mining methods;
- Processing of this ore to produce magnetite concentrate. Two types of concentrate will be produced, one with a manganese content of about 1 to 1.2 %, and the second with a manganese content of between 4 to 5%. Both concentrates will have very low phosphorous and sulphur contents;
- The production of iron ore pellets from the magnetite concentrates using charcoal fines as the fuel for the induration process;
- The production of low phosphorous, low sulphur Merchant Pig Iron ("MPI") using these pellets;
- Production of charcoal from plantation grown timbers. The charcoal will be used as the reductant in the mini blast furnaces, and as the fuel in the pellet plant; and
- Road and rail transport of the MPI and pellet products to the Port of Rio Grande in southern Brazil for export.

The development is based on the mining of the Papagayo, Buena Orden and Iman magnetite deposits in the Zapucay region of the Isla Cristalina belt. In addition, the project has available to it the Areicua iron deposits approximately 8kms to the north and the Curtume iron deposits some 25kms to the east. Both are part of the joint venture. Other areas of iron ore outcrop have been identified within the joint venture tenements and Gladiator's 100% owned tenements, as shown in Figure 3.

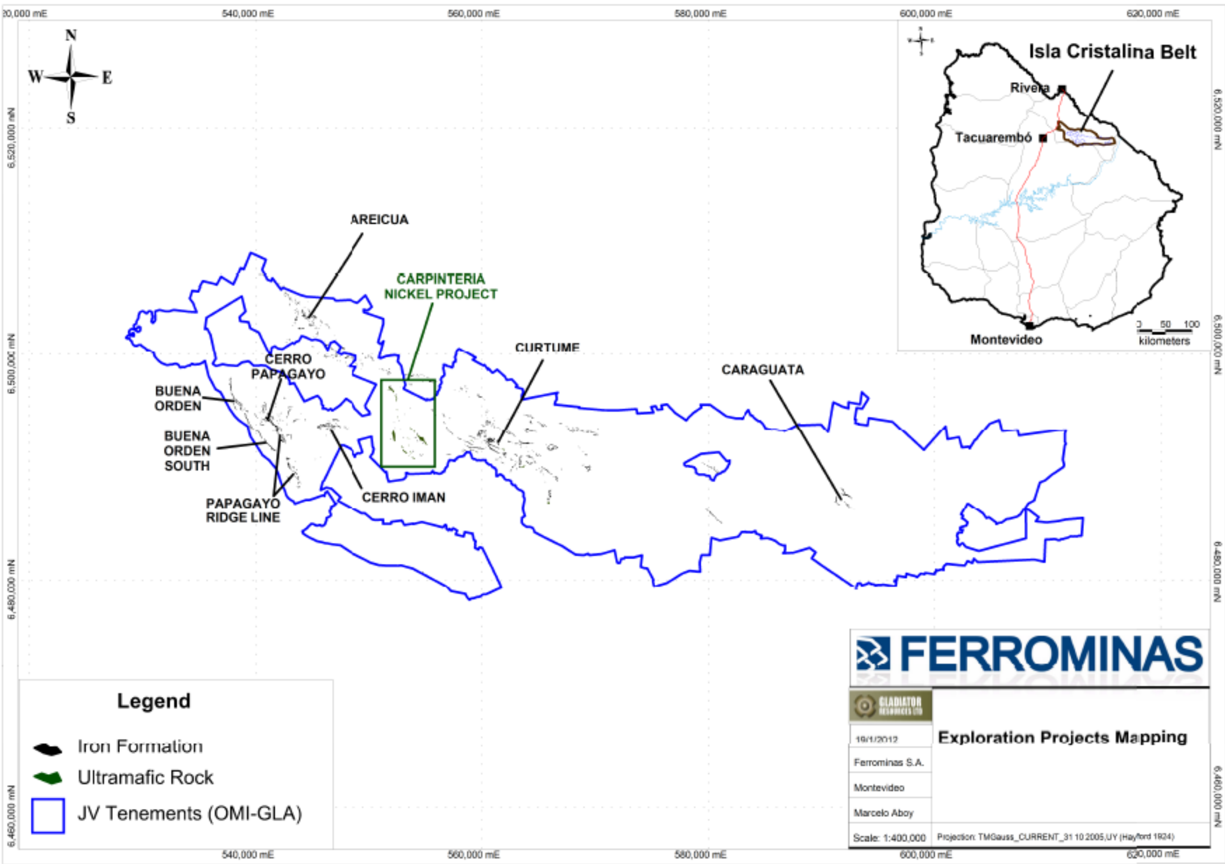

Figure 3: Location of Joint Venture Tenements, Ironstone and Main Projects

Much of the work for the preliminary feasibility study has now been completed, however optimum production levels have not yet been determined and consequently capital and operating costs for the study remain to be finalised. Work completed on the main aspects of the study are summarised in the following sections.

Resource Estimate

Resource drilling continued until the end of December 2011, and during the year a further 145 holes aggregating 13,650 metres were drilled at the main deposits within the Zapucay Project area (Figure 4). As at the end of December 2011, 233 RC drill holes aggregating 21,092 metres and 81 diamond drill holes aggregating 6,194 metres had been completed on the main mineral deposits (Cerro Iman, Cerro Papagayo, Papagayo North, Papagayo Ridge and Buena Orden) within the Zapucay Project. This total includes sterilisation drilling comprising 18 RC holes aggregating 1,074 metres to test a potential plant site. (No mineralisation was intersected in these holes). A summary of the drilling undertaken is presented in Table 1 and the locations of the principal mineral deposits are shown in figure 5.

Figure 4: Drilling at Papagayo

REVIEW OF OPERATIONS *(continued)*

Table 1
Zapucay Project
Drill holes completed August 2010 to December 2011

	RC Drilling		Diamond Drilling	
Location	**Holes**	**Metres**	**Holes**	**Metres**
Cerro Iman	37	2,935	18	699
Cerro Papagayo	53	5,081	20	1,501
Papagayo North	19	1,304	0	0
Papagayo Ridge	87	8,666	31	2,929
Buena Orden	19	2,032	12	1,065
Sterlisation	18	1,074	0	0
Total	**233**	**21,092**	**81**	**6,194**

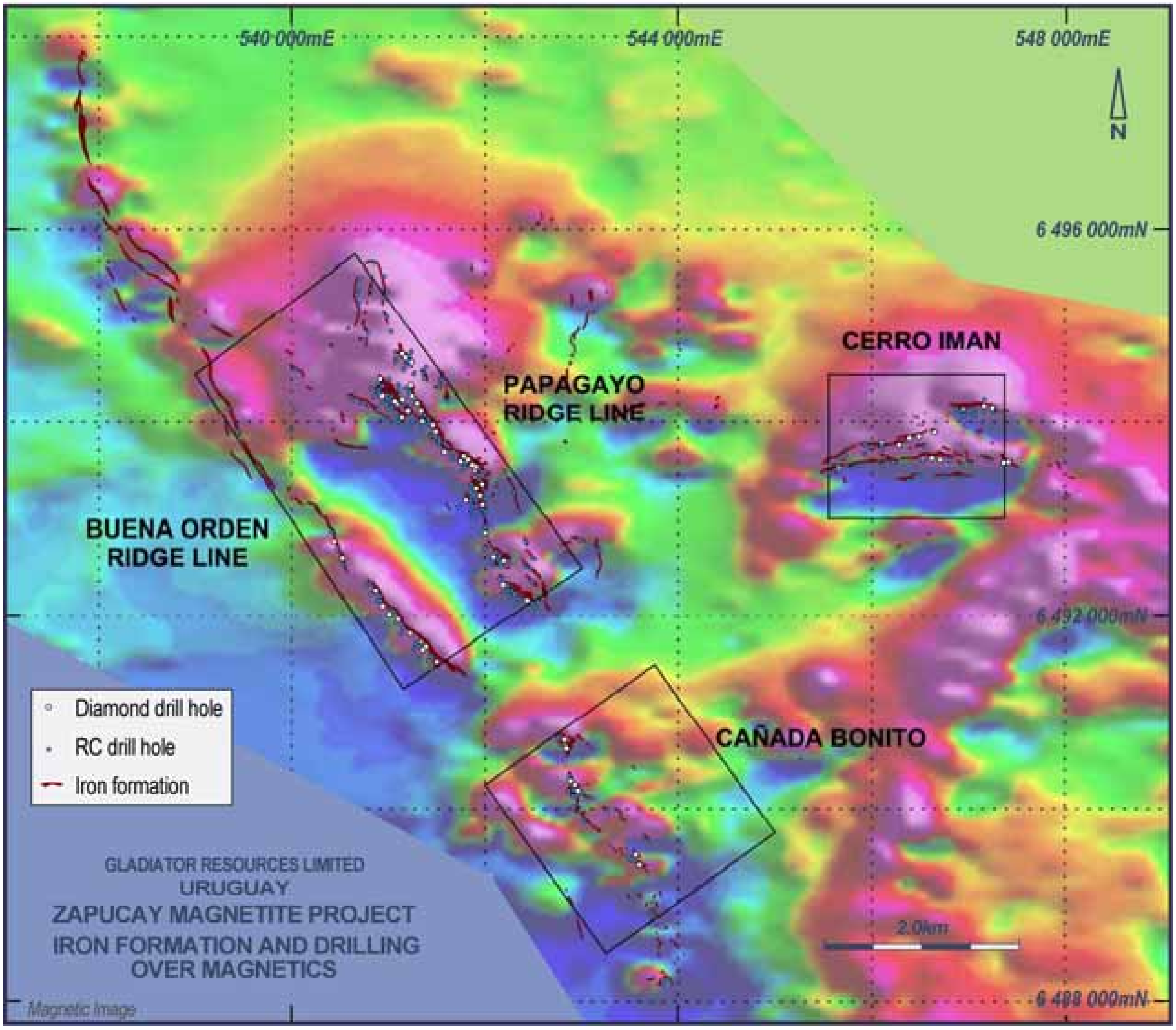

Figure 5: Zapucay Project - Location of Mineral Deposits, Drilling & Magnetic Image

REVIEW OF OPERATIONS *(continued)*

The drill holes were logged and sampled at one-metre intervals and sample preparation was carried out at Orosur Mining's laboratory facilities at its nearby mine site. All samples were forwarded to Nagrom laboratories in Perth, Western Australia for head assay by X-ray fluorescence (XRF) and Davis Tube Recovery (DTR) determinations.

Approximately 8,500 samples have been submitted for assay. The head assay results show thick intersections of magnetite mineralisation in all three areas – Iman, Papagayo and Buena Orden.

SRK Consulting (UK) Ltd ("SRK") was engaged to prepare a resource estimate for the project based on the results of the completed drilling and assay programme. 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. Figure 6 shows a typical cross section across the Papagayo deposit.

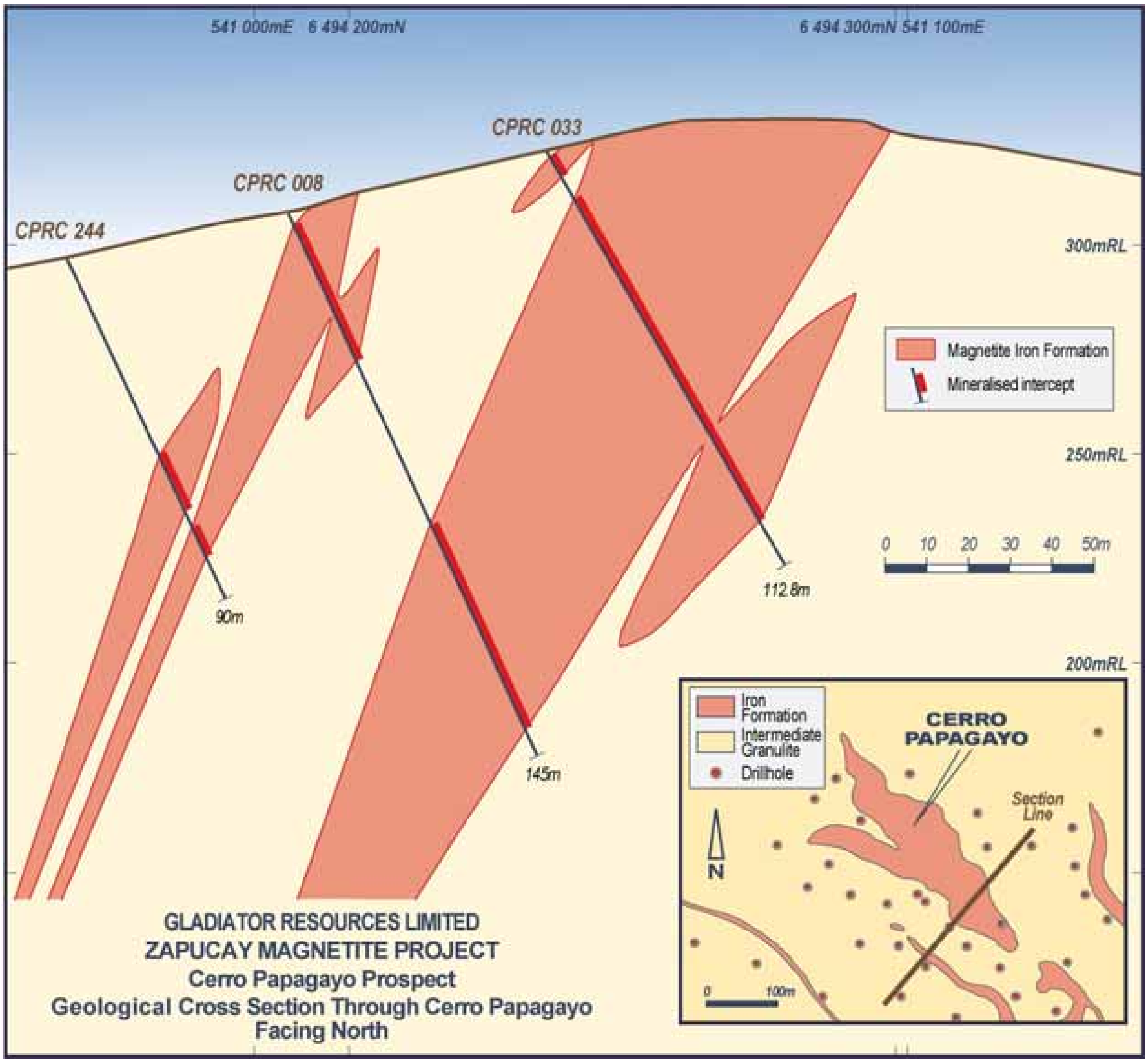

Figure 6: Geological Cross Section – Cerro Papagayo

REVIEW OF OPERATIONS *(continued)*

SRK defined a block model for each of these three mineralised areas, with a block size of 50 by 50 by 10m, and the block model was estimated using Ordinary Kriging for all variables. No grade capping was applied during the grade estimation process. Average rock densities of 3.28 t/m3 and 3.24 t/m3 were derived by SRK 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 2. 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. The optimised pit shell contains a total Indicated and Inferred Mineral Resource of 69.4 million tonnes grading 26.5% Fe of which 5.4 million tonnes grading 25.8% Fe at Cerro Papagayo are classified as Indicated Mineral Resources, with the remainder being classified as Inferred Mineral Resources.

Table 2
Mineral Resource statement
(using a 15% Fe lower cut off and constrained by depth in main project area)

Deposit	Resource Classification	Tonnes (Mt)	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 (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 (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**

Resource Quality

The DTR analysis recovers the magnetic fraction from a sample, which is then assayed. The DTR test work provides information on the recovery of magnetite that could be expected from a commercial plant and a guide to the quality of magnetite concentrate that could be produced. SRK has estimated that 32.6% of the mineral resource could be recovered by magnetic separation as a magnetite concentrate containing 63% iron and very low phosphorus content of 0.01% (Table 3).

Table 3
Zapucay Project
Mineral Resource DTR magnetic fraction, August 2012
(no lower cut 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
Cerra 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**

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.

Mine Planning

It is proposed to mine the deposits by conventional open pit mining methods using hydraulic excavators and off road haul trucks. The preliminary mine plans envisage the Papagayo mineralisation being mined in five separate pits located in a NW-SE direction with an overall length of 3.1kms, the Buena Orden ridge mineralisation being mined in four separate pits trending in a NW-SE direction with an overall length of 3.5kms and the Iman mineralisation in five pits developed in a W-E direction over a length of 2kms.

Concentration

It is planned to process the ore in a conventional magnetite concentrator to produce the concentrate for pelletisation. The concentrator will consist of:

- Primary, secondary and tertiary crushing;
- Multi-stage grinding;
- Low intensity magnetic separation ("LIMS"); and
- Concentrate filtration.

The concentrator flow sheet is based on the results of a comprehensive programme of metallurgical test work completed on core and bulk samples to determine the physical characteristics of the ore and the optimum grind for the recovery of a high quality magnetite concentrate. The design of the flow sheet was based on the results of the following test work on samples from Papagayo and Iman:

- Comminution tests;
- Grind establishment and fine grinding;
- Wet Low Intensity Magnetic Separation ("LIMS") at various final liberation sizes;
- Wet table separation on wet LIMS non-magnetic products; and
- High Intensity Magnetic Separation on wet table products.

Generally, the magnetite mineralisation from Papagayo and Iman are very similar in both the quality of concentrate produced and in their physical properties, with material from both areas being of medium hardness and medium abrasion.

The LIMS testwork, undertaken on samples of low and high manganese material from both Papagayo and Iman, demonstrated that a high-grade magnetite concentrate with very low phosphorus and sulphur contents can be produced. The expected concentrate chemistry is presented in Table 4 at a grind of p80 of 53um:

REVIEW OF OPERATIONS *(continued)*

Table 4
Zapucay Project
Forecast concentrator quality

	Ore Type Concentrate grade %			
Constituent	**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
$A1_2O_3$	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 low and high manganese concentrates will be campaigned through a grate kiln pellet plant using pulverised charcoal as fuel to produce low and high manganese pellets. Grate kiln pellet plants of the size being considered for the Zapucay Project are in common use in China and it is anticipated that Chinese supply will be sought for this section of the project

EPMS has developed indicative chemistries for fully fluxed and acid pellets (Table 5) based on the concentrate chemistries from the high and low manganese material from Papagayo and Iman based on the following assumptions:

- For fully fluxed pellets the following assumptions were used:
    - Bentonite addition of 8 kg/t pellets;
    - Limestone addition of between 25 to 40 kg/t; and
    - Dolomite addition of between 0 to 10 kg/t.

- For acid pellets the following assumptions were used:
    - Bentonite addition of 10 kg/t pellets; and
    - Limestone addition of between 7 to 10 kg/t.

Table 5
Zapucay Project
Papagayo & Iman low and high manganese ores
Indicative chemistry for fully fluxed and acid pellets

	Grade %			
	Fully Fluxed Pellets		**Acid Pellets**	
Constituent	**Average Low Mn**	**Average High Mn**	**Average Low Mn**	**Average High Mn**
Fe	65.77	63.38	66.72	64.46
SiO_2	1.49	1.77	1.56	1.85
$A1_2O_3$	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

MiniTec have provided a design and costing for a mini blast furnace suitable for processing iron ore pellets produced from the Zapucay magnetite ores. Fully fluxed pellets will be converted to MPI in mini blast furnaces designed to use charcoal as the reductant. The development envisages the construction of probably two furnaces each with a production capacity of approximately 200,000 tonnes of pig iron per year. Charcoal based mini blast furnaces 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.

Basic pig iron is used predominantly in electric arc furnaces and this quality of pig iron is the most widely traded in the world market. Indicative specifications of basic pig iron and pig iron from the low and high manganese mineralisation are shown in Table 6. The low manganese material 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 is likely to be a basic pig iron with very low levels of phosphorus and sulphur.

Figure 7: Mini Blast Furnace, Brazil

Table 6
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 the DPC pyrolysis technology (Figure 8). 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, which translates to a significant increase in yield. The DPC process has very low emissions of pyroligneous gases and liquors and is therefore environmentally acceptable compared to traditional charcoal making processes. The majority of charcoal produced will be consumed in lump form in the mini blast furnace with charcoal fines being used in the pellet plant. This ensures that all charcoal produced, lump and fines will be consumed by the project.

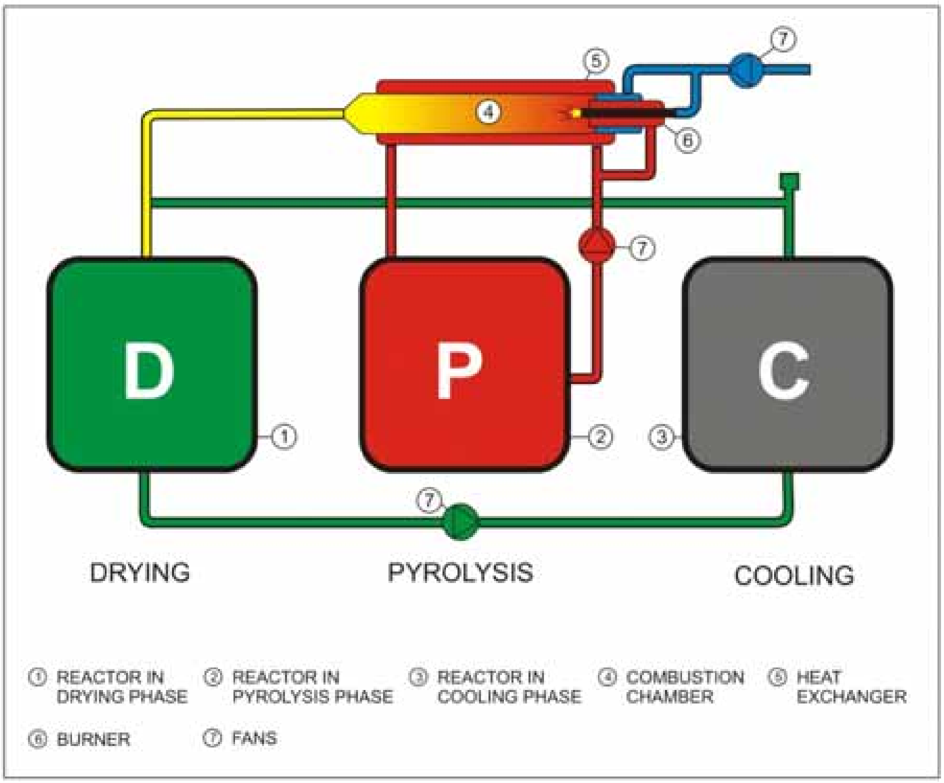

Figure 8: Schematic diagram of the DPC Pyrolysis Process

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

The proposed transport logistics for the pig iron is to truck the pig iron from site to a stockpile and loading facility on the rail line near the border with Brazil, a distance of approximately 98kms. From there the products will be railed to a stockpile and loading facility at the Port of Rio Grande in Brazil, a distance of 687kms (See Figure 1). 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. 22kms of 150 kV power line will need to be constructed to connect the project to the national grid.

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 1,300mm and is relatively consistent throughout the year.

The work force for the project will be based in the local region, which is home to several towns and farming communities. It is also envisaged that a permanent accommodation camp will be established for drive in/drive out employees.

Environmental

The Company lodged its Project Communication Document with the Uruguayan Department for the Environment during March 2012. This document summarises the proposed development at Zapucay and also presents the baseline environmental data for the project area. 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, which initiated the project approvals process.

BIOMASS PYROLYSIS TECHNOLOGY

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 to 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.

REVIEW OF OPERATIONS *(continued)*

DPC Process

The DPC Process comprises three phases occurring simultaneously in three interconnected horizontal kilns (Figure 8) 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 Uruguay Pig Iron Project and will assist in ensuring that the project will be highly competitive when compared to other pig iron producers.

DPC is working closely with the Company on the design and costing of the charcoal production facility for the Uruguay Pig Iron Project and has completed charcoal production test work on suitable timbers available to the project.

GOLD AND NICKEL EXPLORATION

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

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

Joint Venture with Octagonal

The joint venture with Octagonal deals with the rights to gold on the 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. Gladiator is not required to contribute its proportion of joint venture costs until a decision to mine is made by the Joint Venture.

During the March 2012 quarter, Octagonal advised the Company that it had expended in excess of $800,000 on exploration within the joint venture tenements and therefore had earned a 70% interest in the joint venture. Total expenditure credited to Octagonal as at the end of June 2012 amounts to $865,178.

REVIEW OF OPERATIONS *(continued)*

During the year, Octagonal continued an active exploration programme, which included drilling and gravity surveys, over the joint venture tenements with the objective of defining gold in regolith anomalies that may lead to the discovery of a major gold deposit.

Since acquiring its interest in the Hogan's joint venture project, Octagonal has been actively exploring the project tenements with emphasis being placed on evaluating the Burn's Prospect, Salt Lake – Lucky Bay Gravity Trend, the Sideshow Prospect and the Quimby Prospect (Figure 10). Work completed by Octagonal during the year includes 93 air core drill holes aggregating 4,256 metres and interpretation of a gravity survey. Octagonal has drilled 270 air core holes aggregating 12,523 metres since commencing work on the joint venture tenements and has recorded several anomalous gold in regolith intersections from these prospects (Table 7). Octagonal has advised that these intersections together with interpretation of gravity and magnetic surveys have defined significant mineralised trends at the Sideshow Prospect, Quimby Prospect and Salt Lake – Lucky Bay Gravity Trend within the joint venture tenements.

Octagonal holds interests in other tenements adjacent to those joint ventured with Gladiator and during May 2012, announced that it had intersected high grade gold and copper mineralisation within komatiitic basalt at its Burns Prospect located at the north eastern end of Lake Lefroy approximately 70kms southeast of Kalgoorlie. The Burns Prospect is located within Octagonal's Hogan's Project, which includes the tenements joint ventured with Gladiator. The location of the Burns prospect with respect to the tenements joint ventured with Gladiator is shown on figure 10.

Table 7
Hogans Joint Venture Project
Significant assays results from aircore drilling (2011 -2012)

Prospect	Hole Number	From (m)	To (m)	Intercept (m)	Au (ppm)	Comments
Salt Creek - Lucky Bay	OSC078	36	37	1	0.11	Weathered meta sediment
Gravity Trend	OSC091	46	49	3	0.50	Weathered meta sediment
	OSS071	13	14	1	0.92	Weathered Archaean greywacke
	OSS077	4	8	4	0.10	Transported Recent clay and gravel
		12	16	4	0.09	Transported Tertiary clay
		20	24	4	0.13	Transported Tertiary clay
	OSS089	12	16	4	0.66	Transported Tertiary clay
Sideshow	OSS090	12	16	4	0.23	Transported Tertiary clay
Prospect	OSS135	29	30	1	0.14	Base of Tertiary
	OSS181	12	16	4	0.98	Base of Tertiary
	OSS182	18	20	2	0.71	Weathered meta sediment
	OSS183	28	29	1	0.10	Weathered meta sediment
		31	32	1	0.23	Weathered meta sediment
	OSS212	17	25	8	0.26	Base of Tertiary
	OSS217	16	20	4	0.21	Weathered mafic
Quimby	OSC186	38	43	5	1.10	Base of Tertiary
Prospect	OSC193	25	26	1	0.19	Archaean meta sediment
	OSC199	42	43	1	0.34	Archaean weathered meta sediment

REVIEW OF OPERATIONS *(continued)*

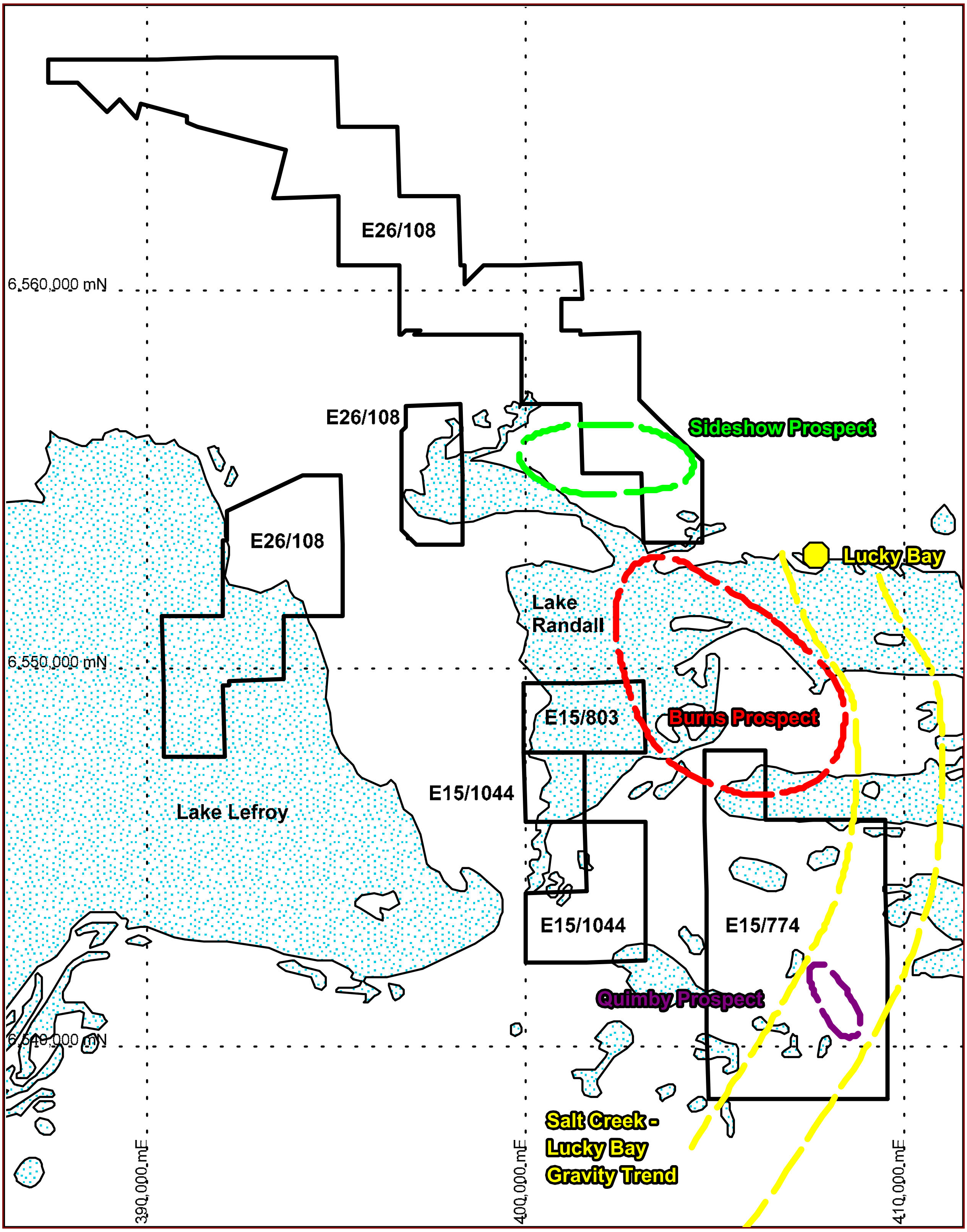

Figure 10: Hogan's Joint Venture – Exploration Target Areas

REVIEW OF OPERATIONS *(continued)*

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 and Marketing is based on information compiled by Tim Adams, a mining engineer with over 28 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, a geologist with 45 years relevant experience and who is a Fellow of the Australasian Institute of Mining and Metallurgy. Alex Nutter is an independent consultant and has sufficient experience, which is relevant to the styles of mineralisation and types of deposits 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.

REVIEW OF OPERATIONS *(continued)*

TENEMENT SUMMARY

Joint Venture Tenements – Isla Cristalina Belt

Area Name	Company Name	Licence Number	Area (ha.)	Status
C^{o} Papagayo	Montemura	PE 373/10	141	Granted
C^{o} Iman	Ermal	PE 1656/10	285	Granted
Papagayo N	Bolir	PE 1569/11	82	Application
Buena Orden N	Montemura	PE 2861/11	690	Application
Papagayo E	Ferrominas	PE 1571/11	425	Application
Canada Bonito	Ferrominas	PE 1575/11	216	Granted
C^{o} Bonito	Ferrominas	PE 1577/11	599	Application
Cda Bonito E.	Ferrominas	PP 2091/10	1,433	Granted
Curtume	Bolir	PE	2,162	Application
Areicua W.	Montemura	PP 1832/06	2,283	Granted
Papagayo N.	Bolir	PP 493/10	202	Granted
Curtume E	Montemura	PP 1811/09	474	Granted
Curtume N	Montemura	PP 1810/09	246	Granted
Curtume E	Montemura	PP 2144/09	925	Granted
Curtume E	Montemura	PE 878/11	221	Application
Vichadero E	Montemura	PP 391/09	733	Granted
Vichadero	Montemura	PP 123/10	2,893	Granted
Iman South	Bolir	PP 62/10	796	Granted
Iman North	Ermal	PP 1143/08	175	Application
C^{o} Manganeso	Ferrominas	PP 1721/10	143	Granted
Vichadero W	Ferrominas	PP 3344/11	269	Application
Paso d Piedras	Ferrominas	PP 26/12	2,519	Application
A del Abrojal	Ferrominas	PP 69/11	2,140	Application
Siete Porteras	Ferrominas	PP 2561/11	2,232	Application
	USF	PP 390/10	6,046	Application
	Ferrominas	PP 881/10	7,898	Application
Curtume E.	Ferrominas	PP 1960/11	492	Application
Curtume E.	Ferrominas	PP 1961/11	658	Application
Las Flores	Montemura	PP 28/07	7,850	Application
Curtume N.	Ferrominas	PP 397/11	521	Application
Curtume N.	Ferrominas	PP 2731/11	1,078	Application
Curtume N.	Ferrominas	PP 2732/11	1,346	Application
Carpinteria EW	Ferrominas	PP 2492/10	2,503	Application
A Carpinteria	Ferrominas	PP 1751/11	327	Application
A Carpinteria	Ferrominas	PP 1752/11	139	Application
Rinc Castillos	Brimol	PP 2864/11	2,019	Application

REVIEW OF OPERATIONS *(continued)*

TENEMENT SUMMARY *(continued)*

Areicua E.	Ferrominas	PP 1350/11	1,747	Application
Areicua	Joutes	PP 3078/11	997	Application
C Iman	Ferrominas	PP 2722/11	552	Application
Curtume E	Montemura	PE 878/11	221	Application
Areicua N.	Montemura	PE 881/11	125	Application
Curtume E.	Joutes	PE 1962/11	546	Application
Curtume E.	Ferrominas	PE 1965/11	474	Application
Curtume E.	Ferrominas	PE 1975/11	237	Application
A Carpinteria	Joutes	PE 1753/11	211	Application
Monteiro	Joutes	PE 1971/11	360	Application
Monteiro	Joutes	PE 1973/11	456	Application
Areicua W.	Hamfu	PP 1072/12	598	Application
Areicua	Kyntu	PE 1067/12	876	Application
Areicua S.	Kyntu	PE 1059/12	442	Application
Areicua S.	Joutes	PP 905/12	653	Application
Carpinteria	Ferrominas	PP 1911/12	2,518	Application
Caraguata	Ferrominas	PP 1298/12	3,391	Application
TOTAL			**65,425**	

100% owned tenements – Isla Cristalina Belt

Area Name	Company Name	Licence Number	Area (ha.)	Status
Acegua	Ferrominas	PP 2513/10	13,539	Application
Coronilla	Ferrominas	PE 2457/10	7,457	Application
TOTAL			**20,996**	

PROJECT NAME	TENEMENT NUMBER	AREA	EQUITY/ EARNING	LOCATION & NOTES
AUSTRALIAN TENEMENTS				
Hogans	E26/108	27 blocks	100%	25 kms east of Kambalda and
	E15/774	13 blocks	100%	45 kms southeast of Kalgoorlie
	E15/803	2 blocks	100%	
	E15/1044	4 blocks	100%	

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Gladiator Resources Limited and its controlled entities for the financial year ended 30 June 2012. This report is made in accordance with a resolution of directors.

DIRECTORS

The following persons were directors of Gladiator Resources Limited during the whole of the financial year and up to the date of this report:

Leonard Dean (Chairman)
Robert Timothy Adams
John Palermo
Stuart John Hall
Daniel Bruno

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was mineral exploration.

OPERATING RESULTS

The consolidated loss for the year after income tax was $(884,218) (2011: loss of $520,687).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2012.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year, the following shares, options and performance rights were either issued, granted or exercised:

Date	Details	No. of Shares	Issue Price	No. of Performance Rights	No. of Options	Exercise Price	Exercisable By
28/09/2011	Conversion of unlisted options	2,000,000	$0.065	--	--	--	--
17/10/2011	Pursuant to employee share option plan	--	--	--	125,000	$0.40	30/06/2013
08/12/2011	Pursuant to shareholder approval on 30/11/2011	--	--	--	750,000	$0.30	31/12/2012
08/12/2011	Pursuant to shareholder approval on 30/11/2011	--	--	--	750,000	$0.40	31/12/2012
08/12/2011	Pursuant to shareholder approval on 30/11/2011	--	--	1,400,000	--	--	08/12/2014
23/12/2011	Conversion of unlisted options	7,236,923	$0.065	--	--	--	--
18/04/2012	Rights issue	101,468,350	$0.06	--	101,468,350	$0.10	30/06/2015
31/05/2012	Pursuant to shareholder approval on 31/05/2012	--	--	7,500,000	--	--	31/05/2015
31/05/2012	Pursuant to shareholder approval on 31/05/2012	--	--	--	36,528,606	$0.10	30/06/2015

REVIEW OF OPERATIONS

The Company and its controlled entities continued their exploration activities. Further details are noted in the review of operations section of the annual report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company and its controlled entities intend to continue their exploration activities.

ENVIRONMENTAL REGULATION

The Company has assessed whether there are any particular or significant environmental regulations which apply. It has determined that the risk of non-compliance is low, and has not identified any compliance breaches during the year.

EVENTS SUBSEQUENT TO REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

INFORMATION ON DIRECTORS

Leonard Dean, B.Sc (Metallurgy) – Chairman
Mr Dean's career in the resources sector spans over 40 years, with particular emphasis in the global iron ore industry.

A metallurgical graduate of Newcastle University, Mr Dean spent 36 years with BHP, finishing in 2000 as Vice President, Coal and Iron Ore Marketing. During his period with BHP he was General Manager, Marketing for BHP Iron Ore for 8 years and managed the iron ore mining operations at BHP's Yampi Sound mine.

From 2003 to 2006, Mr Dean was Managing Director of Sesa Goa Ltd, India's largest private sector iron ore company. Sesa also was a coke and pig iron producer.

During the past three years, Mr Dean has also served as a director of the following other listed companies:

- Western Plains Resources Ltd *
- Outback Resources Ltd

(* denotes current directorship)

INFORMATION ON DIRECTORS *(continued)*

Robert (Tim) Adams, MBA, BE (Mining), BSc (Medical) **– Director**
Mr Adams is a highly experienced mining engineer, senior executive and consultant in the resources sector with over 28 years experience. Mr Adams has worked across the full spectrum of activities in the mining industry from exploration to corporate strategic planning, project development, mine planning and feasibility studies, operations and mergers and acquisitions and has worked with companies such as BHP, North Limited, WMC Limited, Portman Limited and Western Metals.

Since 2001, he has provided consulting advice to companies including CITIC Pacific Mining, Xtrata Limited, Grange Resources (Southdown/Kemaman magnetite project), Gindalbie Metals Limited, Onesteel and a number of junior resource companies. As well as the management of feasibility and engineering studies, Mr Adams has also undertaken high level studies, due diligences and project evaluations on resource projects both in Australia and overseas.

During the past three years, Mr Adams has not served as a director of any other listed companies.

John Palermo, B.Bus, FCA, FCPA, JP **– Director and Company Secretary**
Mr Palermo is a Chartered Accountant with 29 years experience in public practice. After commencing his career as an auditor, he was the principal in a private practice from 1978 until 2006. His main areas of expertise are corporate services and company administration with his main focus in mining and exploration, and biotechnology.

Mr Palermo has extensive management, corporate and directorial experience and is also Chairman and Company Secretary of other public companies, both listed and unlisted.

During the past three years, Mr Palermo has also served as a director of the following other listed companies:

- Pharmanet Group Ltd *
- Consolidated Global Investments Ltd *
- Pelican Resources Ltd *

(* denotes current directorship)

Stuart Hall, B.Sc.Hons, FAusIMM FGS **– Director**
Mr Hall is a qualified geologist with 42 years experience of exploration and mining projects in Australia, Africa and SE Asia. He has experience in the areas of exploration strategy, mine geology, open pit and underground mining operations, resource/reserve estimations, reconciliation, feasibility studies, mine project development and mine management. His experience has covered a wide range of commodities including base metals, gold, iron ore, tantalum and industrial minerals. Mr Hall currently runs his own geological consultancy.

During the past three years, Mr Hall has also served as a director of the following other listed companies:

- Prairie Downs Metals Limited
- Papillon Resources Limited
- Groote Resources Limited
- Horseshoe Metals Limited *

(* denotes current directorship)

INFORMATION ON DIRECTORS *(continued)*

Daniel Bruno, MBA, CFA **– Director**
Mr Bruno has over 15 years of investment industry experience. He began his career with the Ontario Teachers' Pension Plan Board, and then transitioned to investment banking where most of his career was spent with GMP Securities Ltd. in Toronto, Canada, as a Director in the Investment Banking group. Mr Bruno has also worked as a Managing Director of a US-based investment bank. Born in Uruguay and fluent in Spanish, Mr Bruno's background and continuing relationships in South America will help Gladiator further its development initiatives in Uruguay.

During the past three years, Mr Bruno has not served as a director of any other listed companies.

COMPANY SECRETARY

John Palermo, B.Bus, FCA, FCPA, JP
Mr Palermo has been the Company Secretary of Gladiator Resources Limited since 31 March 2005.

Mr Palermo is a Chartered Accountant with 29 years experience in public practice. After commencing his career as an auditor, he was the principal in a private practice from 1978 until 2006. His main areas of expertise are corporate services and company administration with his main focus in mining and exploration, and biotechnology.

Mr Palermo has extensive management, corporate and directorial experience and is also Chairman and Company Secretary of other public companies, both listed and unlisted.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Company.

Remuneration policy

The remuneration policy of Gladiator Resources Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's ability to attract and retain the best executives and directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the Company is as follows:

The remuneration policy setting out the terms and conditions for the executive directors and other senior executives was developed by the Board.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice.

As well as a base salary, remuneration packages include superannuation, retirement and termination entitlements, performance-related bonuses and fringe benefits.

REMUNERATION REPORT (AUDITED) *(continued)*

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Company's diverse operations.

Remuneration and other terms of employment for the executive directors and certain other senior executives have been formalised in service agreements.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time and which currently stands at $250,000 per annum.

The Board undertakes an annual review of its performance against goals set at the start of the year. The Board may exercise discretion in relation to approving incentives, bonuses, and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed.

Performance-based remuneration

The Company currently has no performance-based remuneration component built into director and executive remuneration packages.

Key management personnel compensation

Details of the nature and amount of emolument paid for each director of Gladiator Resources Limited are set out below:

		Primary Benefits			Post Employment		Equity	Other Benefits	TOTAL
Directors		Salary & Fees $	Cash Bonus $	Non-Monetary $	Super-annuation $	Retirement Benefits $	$	$	$
Dean, L									
	2012	12,500	--	--	13,625	--	56,628	--	82,753
	2011	6,250	--	--	15,896	--	--	--	22,146
Adams, R T									
	2012	356,675	--	--	--	--	36,000	49,924	442,599
	2011	346,483	--	--	--	--	--	84,596	431,079
Palermo, J									
	2012	255,478	--	--	--	--	36,000	--	291,478
	2011	275,399	--	--	--	--	--	--	275,399
Hall, S J									
	2012	30,000	--	--	--	--	6,000	--	36,000
	2011	40,800	--	--	--	--	--	--	40,800
Bruno, D									
	2012	50,784	--	--	--	--	72,829	--	123,613
	2011	16,408	--	--	--	--	--	--	16,408
Total									
	2012	705,437	--	--	13,625	--	207,457	49,924	976,443
	2011	685,340	--	--	15,896	--	--	84,596	785,832

Remuneration – Performance Rights

Refer to Note 23 for details of performance rights issued to directors during the year (2011: NIL).

REMUNERATION REPORT (AUDITED) *(continued)*

Remuneration - Options (2012)

					Terms & Conditions for Each Grant		
	Grant No.	Grant Date	Vested No.	Value Per Option at Grant Date $	Exercise Price $	First Exercise Date	Last Exercise Date
D Bruno	750,000	30/11/2011	750,000	$0.0141	$0.30	08/12/2011	31/12/2012
	750,000	30/11/2011	750,000	$0.0075	$0.40	08/12/2011	31/12/2012

The grant of options is to provide an incentive for future services he will provide to the Company and an acknowledgement of a past service. The directors consider that the incentive provided is cost effective to the Company as opposed to alternative incentives in the form of a monetary bonus or director's fees. The options were valued using the Binomial Option Valuation methodology.

The model inputs for options granted during the year ended 30 June 2012 included:

(a) options are granted for no consideration
(b) exercise prices: $0.30 & $0.40
(c) grant date: 30 November 2011
(d) expiry dates: 31 December 2012
(e) share price at grant date: $0.13
(f) expected price volatility of the Company's shares: 86.81%
(g) risk-free interest rate: 3.43%
(h) discount for share options not being listed: 20%

During the year ended 30 June 2012, no options issued to directors for remuneration purposes were forfeited or expired, however 3,160,000 options were exercised during the year.

Remuneration - Options (2011)

There were no options issued as part of directors' remuneration for the year ended 30 June 2011.

During the year ended 30 June 2011, no options previously issued to directors for remuneration purposes were forfeited, lapsed or exercised.

REMUNERATION REPORT (AUDITED) *(continued)*

Additional information

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the tables on page 28, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below:

	Cash Bonus		Options					
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which options may vest**	**Minimum total value of grant yet to vest $**	**Maximum total value of grant yet to vest $**
L Dean	--	--	2012	--	--	--	--	--
			2011	--	--	--	--	--
RT Adams	--	--	2012	--	--	--	--	--
			2011	--	--	--	--	--
J Palermo	--	--	2012	--	--	--	--	--
			2011	--	--	--	--	--
SJ Hall	--	--	2012	--	--	--	--	--
			2011	--	--	--	--	--
D Bruno	--	--	2012	100%	--	--	--	--
			2011	--	--	--	--	--

Share-based compensation: options

Further details relating to options are set out below:

Name	**A Remuneration consisting of options**	**B Value at grant date $**	**C Value at exercise date $**	**D Value at lapse date $**	**E Total of columns B-D $**
L Dean	--	--	--	--	--
RT Adams	--	--	--	--	--
J Palermo	--	--	--	--	--
SJ Hall	--	--	--	--	--
D Bruno	24%	16,200	--	--	16,200

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at grant date calculated in accordance with AASB 2 *Share-based Payment* of options granted during the year as part of remuneration.

C = The value at exercise date of options that were granted as part of remuneration and were exercised during the year, being the intrinsic value of the options at that date.

D = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year. Lapsed options refer to options that vested but expired unexercised.

REMUNERATION REPORT (AUDITED) *(continued)*

Interest in shares, options and performance rights of the Company

As at 30 June 2012, the directors' interests in shares, options and performance rights of Gladiator Resources Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares	Number of Performance Rights
Leonard Dean	545,455	245,455	900,000
Robert (Tim) Adams	3,338,889	4,500,000	3,000,000
John Palermo	10,482,958	11,747,958	3,000,000
Stuart Hall	545,455	245,455	900,000
Daniel Bruno	390,909	1,783,409	500,000

Service agreements

Remuneration of Chairman and Directors (as at 30 June 2012)

Mr Leonard Dean is paid $25,000 per annum, paid quarterly in arrears for consulting fees.

Mr Robert (Tim) Adams is paid US$429,941 per annum, paid monthly in arrears for consulting fees, salary and allowances. Mr Adams consulting agreement contains usual provisions for agreements of this nature.

Mr John Palermo, via his consulting firm, is paid a retainer of $200,000 per annum, paid monthly in arrears for consulting fees. The consulting agreement contains usual provisions for agreements of this nature.

Mr Stuart Hall is paid a retainer of $30,000 per annum, paid monthly in arrears plus consulting fees at commercial rates.

Mr Daniel Bruno is paid $25,000 per annum plus $1,000 per day or a proportion thereof on a pro rata basis, paid quarterly in arrears for consulting fees.

Remuneration of Company Secretary (as at 30 June 2012)

John Palermo, Company Secretary (effective 13 December 2005)

- Terms of the agreement – permanent and no specific term.
- Basic salary, for the provision of secretarial services, of $30,000 dollars per year.
- For all additional work, remuneration has been set at $175 per hour as at 13 December 2005 or at such rate agreed upon with the Company.
- The remuneration payable to John Palermo shall be increased by ten (10) percent on each anniversary of the consultancy agreement and such increase shall be calculated on the rate of remuneration payable immediately prior to the date of review with the first increase to be on 1 January 2006 and thereafter each twelve months.
- Payment of termination benefit on termination by the employer, other than for gross misconduct, equal to the total remuneration in the six (6) months immediately preceding the Notice of Termination, or three (3) months for every year of service up to a maximum of twelve months, whichever is greater.

[END OF REMUNERATION REPORT]

DIRECTORS' MEETINGS

The following table sets out the number of meetings, including directors' resolutions, the Company's directors held during the year ended 30 June 2012 and the number of meetings attended and circular resolutions executed by each director:

	Board Meetings		Resolutions
	Number Eligible to Attend	Number Attended	Number Executed
Leonard Dean	5	5	39
Robert (Tim) Adams	5	5	39
John Palermo	5	5	39
Stuart Hall	5	5	39
Daniel Bruno	5	5	39

SHARE OPTIONS

As at 30 June 2012, there existed the following outstanding options to acquire ordinary shares:

Listed Options
137,996,956 options remain on issue, exercisable at $0.10 on or before 30 June 2015.

Unlisted Options
1,500,000 options remain on issue, exercisable at $0.35 on or before 6 July 2012;
14,017,389 options remain on issue exercisable at $0.40 on or before 31 December 2012;
750,000 options remain on issue, exercisable at $0.30 on or before 31 December 2012;
125,000 options remain on issue, exercisable at $0.40 on or before 30 June 2013;
6,500,000 options remain on issue, exercisable at $0.50 on or before 6 July 2013;
6,000,000 options remain on issue, exercisable at $0.70 on or before 6 July 2013;
1,000,000 options remain on issue, exercisable at $0.30 on or before 31 December 2013; and
1,000,000 options remain on issue, exercisable at $0.40 on or before 31 December 2013.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

The Company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gladiator Resources Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's corporate governance statement is contained in the annual report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 69.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Bird Cameron Partners, is shown at Note 14. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Dated at Perth this 28th day of September, 2012

Signed in accordance with a resolution of the board of directors

JOHN PALERMO
Director

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated	
		2012	**2011**
	Note	**$**	**$**
Revenue	2	489,049	378,641
Net foreign exchanges (losses)/gains	3(b)	(86,099)	(260,104)
Borrowing costs	3(a)	--	(60)
Depreciation	3(a)	(24,768)	(8,399)
Administration expenses	3(c)	(138,544)	(132,115)
Advertising and promotion benefits expense	3(c)	--	(47,550)
Audit and tax remuneration	3(c)	(111,276)	(53,791)
Company secretarial fees	3(c)	(111,760)	(30,000)
Consulting fees	3(c)	(180,400)	(66,858)
Directors' benefits expense	3(c)	(207,457)	--
Exploration expenditure (written off)/recouped	3(c)	(298)	1,510
Fees and permits	3(c)	(80,326)	(33,509)
Insurance	3(c)	(20,082)	(17,637)
Legal costs	3(c)	(26,595)	(15,293)
Rent and outgoings	3(c)	(26,858)	(26,743)
Share registry maintenance fees	3(c)	(45,118)	(39,820)
Taxes and licenses	3(c)	(129,322)	--
Travel and accommodation	3(c)	(65,346)	(57,217)
Other expenses	3(c)	(119,018)	(111,742)
Loss before income tax		(884,218)	(520,687)
Income tax	4	--	--
Loss for the year		(884,218)	(520,687)
Other comprehensive income			
Exchange differences on translation of foreign operations		53,191	54,436
Total comprehensive loss for the year		(831,027)	(466,251)
Loss attributable to:			
Members of the parent entity		(831,027)	(466,251)
Basic and diluted loss per share (cents per share)	17	(0.63)	(0.52)

The above statement of comprehensive income
should be read in conjunction with the accompanying notes

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Note	Consolidated 2012 $	2011 $
Current Assets			
Cash and cash equivalents	5	3,545,811	4,522,152
Trade and other receivables	6	1,301,322	647,588
Total Current Assets		4,847,133	5,169,740
Non Current Assets			
Other financial assets	7	4,094	23,381
Plant and equipment	8	97,527	80,938
Mineral exploration and evaluation expenditure	9	11,113,800	5,278,197
Total Non Current Assets		11,215,421	5,382,516
Total Assets		16,062,554	10,552,256
Current Liabilities			
Trade and other payables	10	827,644	772,796
Total Liabilities		827,644	772,796
Net Assets		15,234,910	9,779,460
Equity			
Issued capital	11(a)	18,007,112	12,443,002
Reserves	12(a)	2,806,358	2,030,800
Accumulated losses		(5,578,560)	(4,694,342)
Total Equity		15,234,910	9,779,460

The above statement of financial position
should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Consolidated	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 01/07/2010	6,413,453	1,623,620	--	(4,173,655)	3,863,418
Loss for the year	--	--	--	(520,687)	(520,687)
Other comprehensive income	--	--	54,436	--	54,436
Total comprehensive loss for the year	--	--	54,436	(520,687)	(466,251)
Transactions with owners recorded directly into equity					
Shares issued during the year	6,792,944	--	--	--	6,792,944
Fair value of options issued during the year	--	352,744	--	--	352,744
Transaction costs	(763,395)	--	--	--	(763,395)
Balance at 30/06/2011	12,443,002	1,976,364	54,436	(4,694,342)	9,779,460
Balance at 01/07/2011	12,443,002	1,976,364	54,436	(4,694,342)	9,779,460
Loss for the year	--	--	--	(884,218)	(884,218)
Other comprehensive income	--	--	53,191	--	53,191
Total comprehensive loss for the year	--	--	53,191	(884,218)	(831,027)
Transactions with owners recorded directly into equity					
Shares issued during the year	6,688,501	--	--	--	6,688,501
Fair value of options issued during the year	--	531,110	--	--	531,110
Fair value of performance rights issued during the year	--	191,257	--	--	191,257
Transaction costs	(1,124,391)	--	--	--	(1,124,391)
Balance at 30/06/2012	18,007,112	2,698,731	107,627	(5,578,560)	15,234,910

The above statement of changes in equity
should be read in conjunction with the accompanying notes.

GLADIATOR RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash Flows from Operating Activities			
Receipts from customers		9,477	131,379
Payments to suppliers and employees		(1,238,044)	(506,300)
Interest received		79,532	326,388
Borrowing costs		(1,985)	(60)
Net Cash Flows Used in Operating Activities	13	(1,151,020)	(48,593)
Cash Flows from Investing Activities			
Payments for exploration expenditure		(5,782,710)	(4,462,840)
Payment for plant and equipment		(44,483)	(73,253)
Purchase of other assets		--	(50,899)
Other		12,461	--
Net Cash Flows Used in Investing Activities		(5,814,732)	(4,586,992)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		6,688,501	6,693,044
Costs associated with share and option issues		(612,991)	(458,201)
Net Cash Flows Provided by Financing Activities		6,075,510	6,234,843
Net (decrease)/increase in cash and cash equivalents held		(890,242)	1,599,258
Cash and cash equivalents at the beginning of the financial year		4,522,152	3,182,998
Effect of exchange rate change on cash holdings		(86,099)	(260,104)
Cash and cash equivalents at the end of the financial year	5	3,545,811	4,522,152

The above statement of cash flows
should be read in conjunction with the accompanying notes

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements for Gladiator Resources Limited as the parent entity are no longer presented as a consequence of changes to the Corporations Act 2001, however required financial information for Gladiator Resources Limited as the parent entity is included in Note 25.

The significant policies, which have been adopted in the preparation of this financial report, are:

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. Gladiator Resources Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the Board on 28 September 2012.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards.

(b) New and Revised Accounting Standards and Interpretations

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity’s accounting policies.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities controlled by Gladiator Resources Limited (parent entity) as at 30 June 2012 and the results of the controlled entities for the year then ended. The effects of all transactions between Gladiator Resources Limited and its controlled entities are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of comprehensive income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for the part of the year for which control exists.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) Income Tax

The charge for current income tax is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted at the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(e) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Plant and Equipment *(continued)*

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value method or a straight line methodcommencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	2.5 – 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(f) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped 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 an abandoned area are written off in full against profit 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 are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Exploration and Development Expenditure *(continued)*

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are classified as finance leases. All other leases are classified as operating leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property of the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Controlled entities

Investments in controlled entities are carried at cost.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Financial Instruments *(continued)*

Impairment

The directors assess at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(i) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(k) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and service tax (GST).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Losses per share

(i) *Basic Loss per share*
Basic loss per share is determined by dividing the operating loss after income tax attributable to members of Gladiator Resources Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Loss per Share*
Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

(n) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(o) Share Based Payments

The fair value at grant date is independently determined using a either a Binomial Option Valuation methodology or a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(o) Share Based Payments *(continued)*

The fair value of the options granted excluded the impact of any non-market vesting condition. Non-market vesting conditions are included in assumption about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(p) Foreign Currency Translation

(i) Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Gladiator Resources Limited is Australian dollars. The functional currencies of the foreign subsidiaries are US dollars and PESO.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(iii) Group entities
The results and financial position of all the Company's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Foreign Currency Translation *(continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to foreign currency translation reserve.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable.

(q) New Accounting Standards and Interpretations issued but not yet effective

At the date of this financial report, the following accounting standards and interpretations have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	*Financial Instruments*	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)
AASB 10	*Consolidated Financial Statements*	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 11	*Joint Arrangements*	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have in interest in arrangements that are jointly controlled.	1 January 2013
AASB 12	*Disclosure of Interests in Other Entities*	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(q) New Accounting Standards and Interpretations issued but not yet effective *(continued)*

AASB 127	*Separate Financial Statements*	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	*Investments in Associates and Joint Ventures*	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013
AASB 13	*Fair Value Measurement*	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	*Employee Benefits*	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013

The Company has decided against early adoption of these accounting standards and interpretations. Furthermore, these changes in accounting standards and interpretations are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the critical judgments and estimates that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved and probable mineral reserves, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

NOTE 2: REVENUE

	Consolidated 2012 $	Consolidated 2011 $
Revenue		
Interest earned	116,760	244,196
Rent received	18,544	6,182
Research and development tax offset	353,745	--
Recoveries	--	3,263
Settlement proceeds	--	125,000
	489,049	378,641

NOTE 3: EXPENSES AND LOSSES/(GAINS)

	2012 $	2011 $
(a) Expenses		
Borrowing costs – Interest expense	--	60
Depreciation of non-current assets		
- Plant and equipment	24,768	8,399
(b) Net foreign currency losses/(gains)	86,099	260,104

(c) Significant Items

Loss before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance for the year:

	2012 $	2011 $
Administration expenses	138,544	132,115
Advertising and promotion benefits expenses	--	47,550
Audit and tax remuneration	111,276	53,791
Company secretarial costs	111,760	30,000
Consulting fees	180,400	66,858
Directors' benefits expense	207,457	--
Exploration expenditure written off/(recouped)	298	(1,510)
Fees and permits	80,326	33,509
Insurance	20,082	17,637
Legal costs	26,595	15,293
Rent and outgoings	26,858	26,743
Share registry maintenance fees	45,118	39,820
Taxes and licenses	129,322	--
Travel and accommodation	65,346	57,217
Other expenses	119,018	111,742
	1,262,400	630,765

NOTE 4: INCOME TAX

No income tax is payable by the Company as it incurred a loss for tax purposes for the year and has available recoupable income tax losses at balance date. The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the operating loss. The differences are calculated as follows:

	Consolidated	
	2012	**2011**
	$	**$**
Loss before income tax	(884,218)	(520,687)
Income tax calculated at 30%	(265,265)	(156,206)
Non-allowable expenditure	65,780	14,413
Tax asset not recognised	199,485	141,793
Income tax attributable to operating loss	--	--
The directors estimate that the potential deferred tax asset at 30% arising from tax losses not brought to account at reporting date is approximately:	1,480,075	1,205,038

Deferred income tax assets have not been recognised as it is not probable that future taxable income will be available against which the tax losses can be utilised.

NOTE 5: CASH AND CASH EQUIVALENTS

Cash at bank	345,811	322,152
Term deposits	3,200,000	4,200,000
	3,545,811	4,522,152

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade debtors	20,399	11,332
Sundry debtors	353,745	--
GST and VAT refundable	821,356	593,775
Prepayments	33,387	14,100
Accrued income	38,091	863
Guarantees	34,344	27,518
	1,301,322	647,588

Current receivables with a short duration are not discounted and the carrying values are assumed to approximate the fair value.

NOTE 6: TRADE AND OTHER RECEIVABLES *(continued)*

Credit Risk

The maximum exposure to credit risk at reporting date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the statement of financial position and notes to the financial statements. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

	Consolidated	
	2012	**2011**
	$	**$**
NOTE 7: OTHER FINANCIAL ASSETS		
Long term investments	4,094	23,381
NOTE 8: PLANT AND EQUIPMENT		
Plant and equipment at cost	135,534	113,147
Less: accumulated depreciation	(38,007)	(32,209)
Total plant and equipment	97,527	80,938
Reconciliation of the carrying amount for plant and equipment is set out below:		
Carrying amount at beginning of year	80,938	18,123
Additions	44,483	71,419
Disposals	(3,126)	(205)
Depreciation expense	(24,768)	(8,399)
Carrying amount at end of year	97,527	80,938
NOTE 9: MINERAL EXPLORATION AND EVALUATION EXPENDITURE		
Balance at beginning of year	5,278,197	757,577
Exploration expenditure incurred during year	5,835,901	4,519,110
Expenditure (written off)/recouped	(298)	1,510
Balance at end of year	11,113,800	5,278,197

	Consolidated 2012 $	2011 $
NOTE 10: TRADE AND OTHER PAYABLES		
Trade creditors and accrued expenses	827,644	772,796

Liabilities are recognised for amounts to be paid in future for goods and services received, whether or not billed to the entity. Creditors are paid and cleared in a 30 day cycle. The notional amount is deemed to reflect the fair value.

NOTE 11: ISSUED CAPITAL

(a) Issued Capital

	2012 $	2011 $
225,485,222 Ordinary shares fully paid (2011: 114,179,949)	18,007,112	12,443,002

(b) Movements in ordinary share capital of the Company during the year were as follows:

Date	Details	No. of Shares	Issue Price	$
01/07/2011	Opening balance	114,179,949		12,443,002
28/09/2011	Conversion of unlisted options	2,000,000	$0.065	130,000
23/12/2011	Conversion of unlisted options	7,236,923	$0.065	470,400
20/02/2012	Exercise of performance rights	600,000	--	--
18/04/2012	Rights issue	101,468,350	$0.06	6,088,101
	Less: transaction costs arising on share issues			(1,124,391)
30/06/2012	Closing balance	225,485,222		18,007,112

(c) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2012 and no dividends are expected to be paid in 2013.

NOTE 11: CONTRIBUTED EQUITY *(continued)*

(c) Capital Risk Management *(continued)*

There is no current intention to incur debt funding on behalf of the Company as on-going exploration expenditure will be funded via cash reserves, equity or joint ventures with other companies.

The Company is not subject to any externally imposed capital requirements.

NOTE 12: RESERVES

	Consolidated 2012 $	Consolidated 2011 $
(a) Composition		
Share based payments reserve	2,698,731	1,976,364
Foreign currency translation reserve	107,627	54,436
	2,806,358	2,030,800

(b) Movements in options and performance rights of the Company during the year was as follows:

Date	Details	Number of Performance Rights	Number of Options Listed	Number of Options Unlisted	Exercise Price	Fair Value of Options / Performance Rights Issued	Expiry Date
01/07/11	Opening Balance	--	--	38,504,312		$1,976,364	
28/09/11	Conversion of unlisted options	--	--	(2,000,000)	$0.065	--	31/12/2011
17/10/11	Pursuant to employee share option plan	--	--	125,000	$0.40	$3,510	30/06/2013
08/12/11	Pursuant to shareholder approval on 30/11/11	--	--	750,000	$0.30	$10,575	31/12/2012
08/12/11	Pursuant to shareholder approval on 30/11/11	--	--	750,000	$0.40	$5,625	31/12/2012
08/12/11	Pursuant to shareholder approval on 30/11/2011	600,000	--	--	--	$78,000	08/12/2014
08/12/11	Pursuant to shareholder approval on 30/11/2011	800,000	--	--	--	$83,200	08/12/2014
	Less: value of performance rights carried forward from 30/06/12 (refer Note 23)					($59,943)	
23/12/11	Conversion of unlisted options	--	--	(7,236,923)	$0.065	--	31/12/2011
20/02/12	Exercise of performance rights	(600,000)	--	--	--	--	08/12/2014
18/04/12	Rights issue	--	101,468,350	--	$0.10	--	30/06/2015
31/05/12	Pursuant to shareholder approval on 31/05/2012	7,500,000	--	--	--	$366,000	31/05/2015
	Less: value of performance rights carried forward from 30/06/12 (refer Note 23)					($276,000)	
31/05/12	Pursuant to shareholder approval on 31/05/2012	--	36,528,606	--	$0.10	$511,400	30/06/2015
30/06/12	Closing Balance	8,300,000	137,996,956	30,892,389		$2,698,731	

NOTE 13: NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of net cash and cash equivalents used in operating activities loss for the year:

	Consolidated 2012 $	Consolidated 2011 $
Loss for the year	(884,218)	(520,687)
Depreciation	24,768	8,399
Equity settled share based payments	210,967	47,550
Exploration expenditure written off/(recouped)	298	(1,510)
Loss on disposal of plant and equipment	3,126	205
Foreign exchange movements	86,099	260,104
Movements in assets and liabilities:		
Receivables	(646,908)	(448,824)
Payables	54,848	606,170
Net cash used in operating activities	(1,151,020)	(48,593)

(b) Non-cash financing and investing activities

During the year, various options and performance rights were issued which are detailed further in Note 23.

NOTE 14: REMUNERATION OF AUDITORS

Amounts paid or due and payable to the auditors of the Company for:

	2012 $	2011 $
Audit and review services		
- RSM Bird Cameron Partners	30,400	26,000
Tax compliance services		
- RSM Bird Cameron Partners	26,558	27,791
	56,958	53,791

NOTE 15: KEY MANAGEMENT PERSONNEL

This note is to be read in conjunction with the Remuneration Report, which is included in the Directors' Report.

The directors of the Company are:

L Dean (Chairman)
R T Adams (Executive)
J Palermo (Executive)
S J Hall (Non-Executive)
D Bruno (Non-Executive)

There are no other specified executives in position of control or exercising management authority.

Remuneration of Key Management Personnel
Refer to Remuneration Report for details of remuneration paid to key management personnel.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	30 June 2012 $	30 June 2011 $
Short term employee benefits	705,437	685,340
Post employment benefits	13,625	15,896
Equity based payments	207,457	--
Other benefits	49,924	84,596
	976,443	785,832

Share Holdings (2012)

Director	Balance 1 July 2011 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options/ Performance Rights Exercised	Net Other Change (No. of Shares)	Balance 30 June 2012 (No. of Shares)
L Dean	--	--	300,000	245,455	545,455
R T Adams	2,008,889	--	1,330,000	--	3,338,889
J Palermo	4,415,000	--	6,313,333	(245,375)	10,482,958
S J Hall	--	--	300,000	245,455	545,455
D Bruno	215,000	--	--	175,909	390,909
Total	6,638,889	--	8,243,333	421,444	15,303,666

NOTE 15: KEY MANAGEMENT PERSONNEL *(continued)*

Share Holdings (2011)

Director	Balance 1 July 2010 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30 June 2011 (No. of Shares)
L Dean	--	--	--	--	--
R T Adams	2,008,889	--	--	--	2,008,889
J Palermo	4,415,000	--	--	--	4,415,000
S J Hall	--	--	--	--	--
D Bruno	--	--	--	215,000	215,000
Total	6,423,889	--	--	215,000	6,638,889

Options Holdings (2012)

Director	Balance 01/07/2011 (No. of Options)	Granted as Remuneration (No. of Options)	No. of Options Exercised	Net Change Other (No. of Options)	Balance 30/06/2012 (No. of Options)	Total Vested 30/06/2012 (No. of Options)	Total Exercisable (No. of Options)
L Dean	--	--	--	245,455	245,455	245,455	245,455
R T Adams	5,830,000	--	(1,330,000)	--	4,500,000	4,500,000	4,500,000
J Palermo	6,330,000	--	(6,313,333)	11,731,291	11,747,958	11,747,958	11,747,958
S J Hall	--	--	--	245,455	245,455	245,455	245,455
D Bruno	107,500	1,500,000	--	175,909	1,783,409	1,783,409	1,783,409
Total	12,267,500	1,500,000	(7,643,333)	12,398,110	18,522,277	18,522,277	18,522,277

Options Holdings (2011)

Director	Balance 01/07/2010 (No. of Options)	Granted as Remuneration (No. of Options)	No. of Options Exercised	Net Change Other (No. of Options)	Balance 30/06/2011 (No. of Options)	Total Vested 30/06/2011 (No. of Options)	Total Exercisable (No. of Options)
L Dean	--	--	--	--	--	--	--
R T Adams	5,830,000	--	--	--	5,830,000	5,830,000	5,830,000
J Palermo	6,330,000	--	--	--	6,330,000	6,330,000	6,330,000
S J Hall	--	--	--	--	--	--	--
D Bruno	--	--	--	107,500	107,500	107,500	107,500
Total	12,160,000	--	--	107,500	12,267,500	12,267,500	12,267,500

NOTE 15: KEY MANAGEMENT PERSONNEL *(continued)*

Performance Rights Holdings (2012)

Director	Balance 01/07/2011 (No. of Performance Rights)	Granted as Remuneration (No. of Performance Rights)	No. of Perf. Rights Exercised	Net Change Other (No. of Performance Rights)	Balance 30/06/2012 (No. of Performance Rights)	Total Vested 30/06/2012 (No. of Performance Rights)	Total Exercisable (No. of Performance Rights)
L Dean	--	1,200,000	(300,000)	--	900,000	-	-
R T Adams	--	3,000,000	--	--	3,000,000	-	-
J Palermo	--	3,000,000	--	--	3,000,000	-	-
S J Hall	--	1,200,000	(300,000)	--	900,000	-	-
D Bruno	--	500,000	--	--	500,000	-	-
Total	--	8,900,000	(600,000)	--	8,300,000	-	-

Service Agreements

Refer to the Remuneration Report for details of service agreements with key management personnel.

Transactions with Key Management Personnel

Aggregate amounts of each type of transaction with directors other than directors fees are as follows:

	2012 $	2011 $
Consultancy expenses reimbursed – D Bruno	8,223	--
Consultancy expenses reimbursed – RT Adams	37,487	--
Consulting (secretarial, administrative and expenses reimbursed) and rental – J Palermo	117,842	52,753
Sub-underwriting fees – J Palermo (Note 23)	42,000	--

There were no other related party transactions for 30 June 2012 and 30 June 2011.

NOTE 16: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of Gladiator Resources Limited and its subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest 2012 %	% Equity Interest 2011 %	Book Value of Shares held by Parent Entity 2012 $	Book Value of Shares held by Parent Entity 2011 $
Brightflow Investments Pty Ltd	Australia	100%	100%	--	--
Ecochar Pty Ltd	Australia	100%	100%	100	100
Ion Resources Pty Ltd	Australia	100%	100%	100	100
Ferrous Resources Pty Ltd	Australia	100%	100%	--	--
Ferrominas Sociedad Anonima	Uruguay	100%	100%	12,155	1
Floniler Sociedad Anonima	Uruguay	100%	--	--	--
Joutes Sociedad Anonima	Uruguay	100%	--	1,928	--
Hamfu Sociedad Anonima	Uruguay	100%	--	1,928	--
Kyntu Sociedad Anonima	Uruguay	100%	--	1,928	--
Rolben Sociedad Anonima	Uruguay	100%	--	2,166	--
				20,305	201

NOTE 17: LOSS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	2012 $	2011 $
Loss for the year	(884,218)	(520,687)
Loss used in calculating basic and diluted loss per share	(884,218)	(520,687)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share:	139,897,995	99,702,020

NOTE 18: COMMITMENTS FOR EXPENDITURE

(a) Tenement Expenditure Commitments

In order to maintain current rights of tenure to mining tenements, the Company will be required to outlay in the year ended 30 June 2013 amounts of $838,000 in respect of minimum tenement expenditure requirements and lease rentals. These non-cancellable obligations are not provided for in the financial statements and are payable as follows:

	2012 $	2011 $
Not later than one year	838,000	1,010,000
Later than one year but not later than 2 years	838,000	1,010,000
Later than 2 years but not later than 5 years	2,514,000	3,030,000
	4,190,000	5,050,000

(b) Biomass Pyrolysis Technology Licensing Agreement

Commitments required under the Licensing agreement as follows:

	2012 $	2011 $
Not later than one year	--	--

The licensing agreement also requires a further payment of US$250,000 upon the grant of a patent under an international patent cooperation treaty or in the USA and a commissioning fee to be calculated as a one-off fee at the rate of $12 per tonne of total annual capacity upon successful commission of a plant. These amounts have not been included in the above disclosure as both the amount and expected commitment date cannot be reliably measured.

NOTE 19: CONTINGENT LIABILITIES

Gladiator Resources Limited has no known material contingent liabilities at the end of the financial year.

NOTE 20: SEGMENT INFORMATION

Business Segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded during the year, Gladiator Resources Limited operated in the mineral exploration industry within the geographical segments of Australia and Uruguay.

	Australia		Uruguay		Consolidated	
	2012	2011	2012	2011	2012	2011
Geographical Segments	$	$ $		$	$	$
Revenue						
Settlement proceeds	--	125,000	--	--	--	125,000
Other revenues from customers	487,026	252,440	2,023	1,201	489,049	253,641
Total segment revenue	487,026	377,440	2,023	1,201	489,049	378,641
Assets						
Segment assets	4,558,808	5,073,734	11,503,746	5,478,522	16,062,554	10,552,256
Major Customers	--	--	--	--	--	--

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire year under review, the Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Company's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below or disclosed at Note 6 in the case of credit risk and Note 11 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Company's exposure to the risks of changes in market interest rates relates primarily to the Company's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Company to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Company's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Company has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Company does not have a formal policy in place to mitigate such risks.

Consolidated

	Non Interest Bearing $		Weighted Average Effective Interest Rate %		Fixed Interest Rate $		Total $	
	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets								
- Cash and cash equivalents	345,811	322,152	5.52	5.82	3,200,000	4,200,000	3,545,811	4,522,152
- Trade and other receivables	1,301,322	647,588			--	--	1,301,322	647,588
Total Financial Assets	1,647,133	969,740			3,200,000	4,200,000	4,847,133	5,169,740
Financial Liabilities								
- Trade and other payables	827,644	772,796	--	--	--	--	827,644	772,796
Total Financial Liabilities	827,644	772,796			--	--	827,644	772,796
Net Financial Assets/(Liabilities)	819,489	196,944			3,200,000	4,200,000	4,019,489	4,396,944

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest Rate Sensitivity

At 30 June 2012, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been $11,676 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A 10% increase sensitivity would move short term interest rates at 30 June 2012 from around 5.52% to 6.07% (10% decrease: 4.97%) representing a 55 basis points shift.

Based on the sensitivity analysis, only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	2012	**2011**
	$	**$**
Contracted maturities of payable at 30 June		
Payable		
- less than 6 months	827,644	772,796

Commodity Price Risk

The Company is not exposed to commodity price risk as the operations of the Company are not yet at the production stage.

Foreign Exchange Risk

The Company is exposed to foreign exchange rate arising from various currency exposures, primarily with respect to the US dollar and PESO.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The risk is measured using sensitivity analysis.

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign Currency Risk Sensitivity Analysis

At 30 June, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the foreign currencies, with all other variables remaining constant is as follows:

	2012 Change in equity with a +/- 10% in exchange rates $	2011 Change in equity with a +/- 10% in exchange rates $
Total Assets	615,877	304,584
Total Liabilities	671,860	331,910

Reconciliation of Net Financial Assets to Net Assets

	Consolidated	
	2012 $	2011 $
Net financial assets	4,019,489	4,396,944
Property, plant and equipment	97,527	80,938
Mineral exploration and evaluation expenditure	11,113,800	5,278,197
Formation costs	4,094	--
Long term investments	--	23,381
Net assets	15,234,910	9,779,460

Net Fair Values

For other assets and liabilities the net fair value approximates their carrying value except for director related receivables which are not interest bearing. The Company has no financial assets or liabilities that are readily traded on organised markets at reporting date and has no financial assets where the carrying amount exceeds net fair values at reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 22: EVENTS SUBSEQUENT TO REPORTING PERIOD

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

NOTE 23: SHARE BASED PAYMENTS

2012
On 17 October 2011, the following *options* were granted to various employees of the Company as part of their remuneration:

- 125,000 unlisted options exercisable at $0.40 on or before 30 June 2013 with a fair value of $0.02808 per share.

The fair value of the options are estimated at the grant date using the Binomial option valuation methodology.

On 30 November 2011, the following *options* were granted to a director of the Company as part of his remuneration:

D Bruno
- 750,000 unlisted options exercisable at $0.30 on or before 31 December 2012 with a fair value of $0.0141 per share; and
- 750,000 unlisted options exercisable at $0.40 on or before 31 December 2012 with a fair value of $0.0075 per share.

The fair values of the options are estimated at the grant date using the Binomial option valuation methodology.

The amount expensed and included in directors' benefits for the year ended 30 June 2012 was $16,200.

On 30 November 2011, the following *performance rights* were granted to two directors as part of their remuneration:

L Dean
- 300,000 performance rights vests into shares when the Company earns a 51% interest in the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc. (Milestone 1); and
- 400,000 performance rights vests when the Company earns an 80% interest in the Project (Milestone 2).

S J Hall
- 300,000 performance rights vests into shares when the Company earns a 51% interest in the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc. (Milestone 1); and
- 400,000 performance rights vests when the Company earns an 80% interest in the Project (Milestone 2).

All the performance rights were issued for nil consideration and may be exercised for nil consideration upon the occurrence of the Performance Conditions. The performance rights shall expire three years after their issue date at 5.00 pm (WST).

The fair value of the performance rights granted were independently valued and took into account the following:

- 13 cents underlying value of a Gladiator share trading on ASX as at 24 November 2011; and
- 20% discount on the underlying value on Milestone 2 only due to performance rights not having any rights to vote, no rights to receive dividends and no rights to participate in any surplus assets on a wind up of the Company.

The share based payment expense for the year ended recognised in the Statement of Comprehensive Income was $101,257, with the balance of $59,943 to be carried forward and proportioned over the period up until the expiry date of 8 December 2014.

NOTE 23: SHARE BASED PAYMENTS *(continued)*

On 31 May 2012, the following *performance rights* were granted to all directors as part of their remuneration:

L Dean
- 500,000 performance rights vests into shares when the Company completes the pre-feasibility study on the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc.

R T Adams
- 3,000,000 performance rights vests into shares when the Company completes the pre-feasibility study on the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc.

J Palermo
- 3,000,000 performance rights vests into shares when the Company completes the pre-feasibility study on the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc.

S J Hall
- 500,000 performance rights vests into shares when the Company completes the pre-feasibility study on the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc.

D Bruno
- 500,000 performance rights vests into shares when the Company completes the pre-feasibility study on the Isla Cristalina Joint Venture Project in Uruguay from Orosur Mining Inc.

All the performance rights were issued for nil consideration and may be exercised for nil consideration upon the occurrence of the Performance Condition. The performance rights shall expire three years after their issue date at 5.00 pm (WST).

The fair value of the performance rights granted were independently valued and took into account the following:

- 6.1 cents underlying value of a Gladiator share trading on ASX as at 31 May 2012; and
- 20% discount on the underlying value due to performance rights not having any rights to vote, no rights to receive dividends and no rights to participate in any surplus assets on a wind up of the Company.

The share based payment expense for the year ended recognised in the Statement of Comprehensive Income was $90,000, with the balance of $276,000 to be carried forward and proportioned over the period up until the expiry date of 31 May 2015.

On 31 May 2012, the following *options* were granted in consideration for sub-underwriting fees and underwriting fees:

J Palermo (sub-underwriting fees)

- 3,000,000 listed options exercisable at $0.10 on or before 30 June 2015.

Patersons (underwriting fees)

- 33,528,606 listed options exercisable at $0.10 on or before 30 June 2015.

Fair value of options granted
The fair value totalling $511,400 (36,528,606 options x $0.014) was determined by reference to the market value on the ASX at the grant date.

NOTE 23: SHARE BASED PAYMENTS *(continued)*

2011

Fair value of shares granted

On 12 August 2010, the the Company issued 450,000 listed shares with a fair value $99,900 pursuant to the agreement with Orosur Mining Inc. The fair value of the shares was based on the quoted share price on the ASX on the grant date.

Fair value of options granted

The fair value at grant date is independently determined using either the Binomial Option Valuation methodology or the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 30 June 2011 included:

(a) options are granted for no consideration
(b) exercise prices: $0.35 & $0.50 and $0.30 & $0.40
(c) grant date: 12 August 2010 and 31 December 2010
(d) expiry dates: 6 July 2012 & 6 July 2013 and 31 December 2013
(e) share price at grant date: $0.20 and $0.32
(f) expected price volatility of the Company's shares: 70%
(g) risk-free interest rate: 5.25% and 5.23%

The share-based payment expense for the 2011 year recognised in the statement of comprehensive income was $47,550. The share-based payments made during the 2011 year which were treated as share issue costs were $305,194. The total share-based payments made during the 2011 year were $352,744.

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price 2012	Number of Options 2012	Weighted average exercise price 2011	Number of Options 2011
Outstanding at 1 July	$0.388	38,504,312	$0.216	22,736,923
Expired during the year	--	--	--	--
Forfeited during the year	--	--	--	--
Exercised during the year	$0.065	(9,236,923)	$0.375	(982,611)
Issued during the year	$0.10	101,468,350	$0.40	13,750,000
Granted during the year	$0.26	38,153,606	$0.3875	3,000,000
Outstanding at 30 June	$0.383	168,889,345	$0.388	38,504,312
Vested and exercisable at 30 June	$0.383	168,889,345	$0.388	38,504,312

The options outstanding at 30 June 2012 have an exercise price in the range of $0.10 to $0.70 and a weighted average remaining contractual life of 1 year.

NOTE 24: COMPANY DETAILS

Gladiator Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. Its registered office is located at Level 1, 284 Oxford Street, Leederville, Western Australia and its principal place of business is located at Ground Floor, 284 Oxford Street, Leederville, Western Australia.

NOTE 25: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2012 $	2011 $
Current Assets		
Cash and cash equivalents	3,309,306	4,426,325
Trade and other receivables	531,865	167,193
Total Current Assets	3,841,171	4,593,518
Non Current Assets		
Plant and equipment	4,972	8,435
Other financial assets	11,781,390	5,332,820
Mineral exploration and evaluation expenditure	820,565	467,385
Total Non Current Assets	12,606,927	5,808,640
Total Assets	16,448,098	10,402,158
Current Liabilities		
Trade and other payables	571,659	322,054
Total Current Liabilities	571,659	322,054
Non Current Liabilities		
Other financial liabilities	32,966	--
Total Non Current Liabilities	32,966	--
Total Liabilities	604,625	322,054
Net Assets	15,843,473	10,080,104
Equity		
Issued capital	18,007,112	12,443,002
Reserves	2,698,731	1,976,364
Accumulated losses	(4,862,370)	(4,339,262)
Total Equity	15,843,473	10,080,104

(b) Financial Performance

	2012	2011 $
Loss for the year	(523,108)	(179,587)
Other comprehensive income	--	--
Total Comprehensive Loss	(523,108)	(179,587)

(c) Guarantees

Gladiator Resources Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

Gladiator Resources Limited has no commitments to acquire property, plant and equipment and has no contingent liabilities.

DIRECTORS' DECLARATION

In the opinion of the directors:

a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001

Dated this 28th day of September, 2012

JOHN PALERMO
Director

RSM Bird Cameron Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLADIATOR RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gladiator Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM Bird Cameron Partners

Independence

In conducting our audit, 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 report.

Opinion

In our opinion:

(a) the financial report of Gladiator Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gladiator Resources Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 28 September 2012

TUTU PHONG
Partner

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Gladiator Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 28 September 2012

TUTU PHONG
Partner

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 21 SEPTEMBER 2012:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	24	1,993	0.00
1,001 - 5,000	44	145,351	0.07
5,001 - 10,000	112	1,034,585	0.46
10,001 - 100,000	227	9,994,733	4.43
100,001+	149	214,308,560	95.04
	556	225,485,222	100.00

The number of shareholdings held in less than marketable parcels is 213.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:-

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

	NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	Code Nom PL	38,892,296	17.25
2.	Wealthystar Grp Ltd	18,144,065	8.05
3.	Nefco Nom PL	12,953,998	5.74
4.	ABN Amro Clearing Sydney	11,634,214	5.16
5.	JP Morgan Nom Aust Ltd	7,918,034	3.51
6.	JP Morgan Nom Aust Ltd	6,540,198	2.90
7.	Keypalm PL	5,000,000	2.22
8.	Surfboard PL	4,998,708	2.22
9.	HSBC Custody Nom Aust Limited	4,715,379	2.09
10.	Dolphin Technology PL	4,645,000	2.06
11.	HSBC Custody Nom Aust Ltd	4,457,136	1.98
12.	Cassim Salim	4,286,883	1.90
13.	McNeil Nom PL	4,004,970	1.78
14.	Viernes Mario	3,400,000	1.51
15.	Veltox PL	3,351,957	1.49
16.	Red Oaks PL	3,000,000	1.33
17.	Dirki PL	2,900,000	1.29
18.	M & M Fam PL	2,750,000	1.22
19.	Emmett Cap PL	2,598,125	1.15
20.	Nobis Hldgs PL	2,583,333	1.15
		148,774,296	66.00

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(iii) VOTING RIGHTS

Articles 15 of the Constitution specify that on a show of hands every member present in person, by attorney or by proxy shall have:

(a) for every fully paid share held by him one vote; and
(b) for every share which is not fully paid a fraction of the vote equal to the amount paid up on the share over the nominal value of the shares.

(iv) SUBSTANTIAL SHAREHOLDERS

Substantial Shareholder as recorded in the Register of Members as at 21 September 2012:

Name	Ordinary Shares No.	%
Veremonte International B.V.	43,607,675	19.34
Wealthystar Grp Ltd	18,144,065	8.05

(b) OPTIONS

As at 21 September 2012, there existed the following quoted options:

137,996,940 OPTIONS EXERCISABLE AT $0.10 EACH ON OR BEFORE 30 JUNE 2015

(i) DISTRIBUTION OF OPTIONHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF OPTIONS	PERCENTAGE OF QUOTED OPTIONS %
1 - 1,000	2	806	0.00
1,001 - 5,000	11	33,316	0.02
5,001 - 10,000	5	39,547	0.03
10,001 - 100,000	98	4,828,316	3.50
100,001+	136	133,094,955	96.45
	252	137,996,940	100.00

ASX ADDITIONAL INFORMATION *(continued)*

(b) OPTIONS *(continued)*

(ii) TOP 20 HOLDERS OF QUOTED OPTIONS:-

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
1.	Nefco Nom PL	12,578,725	9.12
2.	Wealthystar Grp Ltd	9,444,065	6.84
3.	ABN Amro Clearing Sydney	8,526,343	6.18
4.	Brycki M W & N J	5,949,383	4.31
5.	HSBC Custody Nom Aust Limited	4,715,379	3.42
6.	Celtic Cap Pte Ltd	4,186,803	3.03
7.	Finebase Hldgs PL	4,000,685	2.90
8.	Spagnolo Giovanni	3,810,889	2.76
9.	Viernes Mario	3,400,000	2.46
10.	Cunningham Peterson Sharbanee	3,330,000	2.41
11.	JP Morgan Nom Aust Ltd	3,078,095	2.23
12.	JP Morgan Nom Aust Ltd	2,916,089	2.11
13.	Brycki Christopher	2,650,000	1.92
14.	Wise Daniel	2,547,944	1.85
15.	Flue Hldgs PL	2,397,944	1.74
16.	Alimold PL	2,200,000	1.59
17.	Dolphin Technology PL	2,000,000	1.45
18.	Goffacan PL	2,000,000	1.45
19.	Feng Li	2,000,000	1.45
20.	Cyc Financial Svcs PL	1,962,155	1.42
		83,694,499	60.64

(iii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option shareholding.

ASX ADDITIONAL INFORMATION *(continued)*

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 21 September 2012 there existed the following unquoted options:

(i) 14,017,389 OPTIONS EXERCISABLE AT $0.40 EACH ON OR BEFORE 31 DECEMBER 2012

The names of the top twenty largest optionholders are listed below:

	NAME	NO. OF OPTIONS HELD	PERCENTAGE OF QUOTED OPTIONS %
1.	Wealthystar Grp Ltd	4,350,000	31.03
2.	Forbes & Manhattan Inc	1,003,500	7.16
3.	DB Celeste Investments Inc	750,000	5.35
4.	JP Morgan Nom Aust Ltd	500,000	3.57
5.	Arredo PL	500,000	3.57
6.	Merrill Lynch (Australia)	455,000	3.25
7.	JP Morgan Nom Aust Ltd	432,500	3.09
8.	Klip PL	380,435	2.71
9.	National Nom Ltd	325,000	2.32
10.	Celtic Capital PL	271,805	1.94
11.	Barratt G & M	217,500	1.55
12.	Surfboard PL	217,500	1.55
13.	Zero Nom PL	217,500	1.55
14.	Interstate Inv PL	217,500	1.55
15.	Cassim Salim	217,500	1.55
16.	Citicorp Nom PL	207,500	1.48
17.	Hussain Aziz	200,000	1.43
18.	Prospect Cust Ltd	200,000	1.43
19.	Cunningham Peterson Sharbanee	130,392	0.93
20.	Chellit PL	125,060	0.89
		10,918,692	77.90

(ii) 750,000 OPTIONS EXERCISABLE AT $0.30 EACH ON OR BEFORE 31 DECEMBER 2012

Name	Options	%
DB Celeste Inv Inc	750,000	100

ASX ADDITIONAL INFORMATION *(continued)*

2. UNQUOTED SECURITIES *(continued)*

(iii) 125,000 OPTIONS EXERCISABLE AT $0.40 EACH ON OR BEFORE 30 JUNE 2013

Name	Options	%
Bethe J	50,000	40.00
Jackson M	75,000	60.00
	125,000	100.00

(iv) 6,500,000 OPTIONS EXERCISABLE AT $0.50 EACH ON OR BEFORE 6 JULY 2013

Name	Options	%
Wedlock Nominees Pty Ltd	2,000,000	30.77
Dolphin Technology Pty Ltd	2,000,000	30.77
Mr R T Adams	2,000,000	30.77
Mr L D Kohmascher	500,000	7.69
	6,500,000	100.00

(v) 6,000,000 OPTIONS EXERCISABLE AT $0.70 EACH ON OR BEFORE 6 JULY 2013

Name	Options	%
Wedlock Nominees Pty Ltd	2,000,000	33.34
Dolphin Technology Pty Ltd	2,000,000	33.33
Mr R T Adams	2,000,000	33.33
	6,000,000	100.00

(vi) 1,000,000 OPTIONS EXERCISABLE AT $0.30 EACH ON OR BEFORE 31 DECEMBER 2013

Name	Options	%
Azure Capital Investments Pty Ltd	1,000,000	100.00

(vii) 1,000,000 OPTIONS EXERCISABLE AT $0.40 EACH ON OR BEFORE 31 DECEMBER 2013

Name	Options	%
Azure Capital Investments Pty Ltd	1,000,000	100.00

(viii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

3. DIRECTORS' INTERESTS

Interests of each director in the share capital of the Company at 30 June 2012 are detailed in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Gladiator Resources Limited ("the Company") is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company ("the Board") is to represent and advance the Company's shareholders' ("the Shareholders") interests and to protect the interests of all stakeholders. To fulfill this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

Subject to the exceptions outlined below, the Company will adopt the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* released in 2007 ("the Recommendations") to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company's compliance with the Revised Corporate Governance Principles and Recommendations is summarised in the table below:

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1		✓	Recommendation 4.3		✓
Recommendation 1.2		✓	Recommendation 4.4		✓
Recommendation 1.3	✓		Recommendation 5.1		✓
Recommendation 2.1	✓		Recommendation 5.2		✓
Recommendation 2.2	✓		Recommendation 6.1		✓
Recommendation 2.3		✓	Recommendation 6.2		✓
Recommendation 2.4		✓	Recommendation 7.1		✓
Recommendation 2.5	✓		Recommendation 7.2		✓
Recommendation 2.6	✓		Recommendation 7.3		✓
Recommendation 3.1	✓		Recommendation 7.4		✓
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 4.1		✓	Recommendation 8.3		✓
Recommendation 4.2		✓			

[1] Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.
[2] Indicates where the Company has provided an "if not, why not" disclosure below.

In acknowledging the Key Messages of the first review of the corporate governance reporting under the Revised Corporate Governance Principles and Recommendations by ASX Markets Supervision ("ASXMS"), the Company has provided additional disclosure for each of the 27 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

The "if not, why not" disclosure of the Company is summarised in the table below:

CORPORATE GOVERNANCE STATEMENT *(continued)*

Recommendation	Explanation of Departure from Recommendation
1.1, 1.2	The Company has not appointed any senior executives (excluding the Company Secretary). Therefore, full disclosure of the functions delegated to senior executives, and the evaluation of executives' performance under Recommendation 1.1 and 1.2 is not appropriate.
2.3	The Company has not appointed a CEO. Therefore, disclosure under Recommendation 2.3 is not appropriate.
2.4	Owing to the size and composition of the Board, it is not appropriate to establish an independent nomination committee, or to establish a formal nomination policy.
4.1, 4.2, 4.3, 4.4	Owing to the size and composition of the Board, it is not appropriate to establish an independent audit committee, or to establish a formal audit policy.
5.1, 5.2	Owing to the size and composition of the Board, it is not appropriate to establish formal policies for the oversight and promotion of timely and balanced disclosure in accordance with the Corporations Act and ASX Listing Rules.
6.1, 6.2	Owing to the size and composition of the Board, it is not appropriate to establish a formal policy to promote effective communication with Shareholders and encourage their participation at meetings.
7.1, 7.2, 7.3, 7.4	Owing to the size and composition of the Board, it is not appropriate to establish formal risk management policies, as this function is effectively discharged by the full Board.
8.1, 8.2, 8.3	Owing to the size and composition of the Board, it is not appropriate to establish an independent remuneration committee. Details of the Company's remuneration policy are set out in the Remuneration Report in the Director's Report.

It is noted that as the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company ("the Directors") are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.1. Role of Board *(continued)*

- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Reviewing the performance and remuneration of Directors;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company and establishing goals for employees.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance Shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the *Corporations Act*).

The Company has not employed any senior executives; therefore, disclosure under Recommendations 1.2 and 1.3 are not required.

1.2. Terms of Office of Directors

The constitution of Gladiator Resources Limited ("Constitution") specifies that one third of the Directors shall rotate on an annual basis.

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

Name	Position	Independent	Expertise
Mr Leonard Dean	Chairman	Yes	Refer to Director's Report
Mr John Palermo	Director	No	Refer to Director's Report
Mr Robert (Tim) Adams	Director	Yes	Refer to Director's Report
Mr Stuart Hall	Director	Yes	Refer to Director's Report
Mr Daniel Bruno	Director	Yes	Refer to Director's Report

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.1. John Palermo is not considered to be independent, owing to his position as Company Secretary of the Company.

The Board considers the Chair to be independent, in accordance with Recommendation 2.2.

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.3. Composition of the Board and Independence *(continued)*

The Company has not appointed a Chief Executive Officer. However, in the spirit of Recommendation 2.3, the roles of Chair and Company Secretary are not occupied by the same person.

The composition of the Board is determined using the following principles:

- The Board comprises five Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a General Meeting of Shareholders.

1.4. Monitoring of Board Performance

In accordance with Recommendation 2.5, the Directors' performance is reviewed by the Chairman on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chairman's performance is reviewed by the remaining three Board members on an ongoing basis and accordingly it was not considered necessary for a formal review to take place during the period.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

1.5. Independent Professional Advice

Each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek independent professional advice at the Company's expense. However, prior approval of the Chairman is required, which will not be unreasonably withheld.

2. BOARD COMMITTEES

2.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee in accordance with Recommendation 2.4.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee.

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

2.1. Nomination Committee *(continued)*

In any event, the Board consists of five members. The minimum composition recommended for a nomination committee pursuant to Recommendation 2.4 is three.

The Board does not have a separate charter for its nomination and succession planning functions; however, the responsibilities of the Board ordinarily include functions described in section 1.3 of this Corporate Governance Statement.

2.2. Audit Committee

Owing to its size and composition, the Company has not established a separate audit committee in accordance with Recommendation 4.1.

The Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of five members. The minimum number recommended for an audit committee pursuant to Recommendation 4.2 is three.

The majority of the Board is independent, all Directors are financially literate and the qualifications of Mr Dean, Mr Palermo, Mr Adams, Mr Hall and Mr Bruno provides sufficient technical expertise to provide valuable insight to allow the Board to verify and safeguard the integrity of the Company’s financial statements.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Board does not have a separate charter for its audit functions; however, the responsibilities of the Board ordinarily include:

- Reviewing internal controls and recommending enhancements;
- Monitoring compliance with Corporations Act 2001, Securities Exchange Listing Rules, matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investment Commission and financial institutions;
- Improving the quality of the accounting function;
- Reviewing external audit reports to ensure that, where major deficiencies or breakdowns in controls or procedures have been identified, appropriate and prompt remedial action is taken by the Company; and
- Liaising with the external auditors and ensuring that the annual audit and half-year review are conducted in an effective manner.

The Board reviews the performance of the external auditors on an annual basis and nomination of auditors is as the discretion of the Board.

2.3. Remuneration Committee

Owing to its size and composition, the Company has not established a separate remuneration committee in accordance with Recommendation 8.1.

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

2.3. Remuneration Committee *(continued)*

The Board considers that the responsibility for the selection and appointment of Directors can be adequately discharged by the Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee. In any event, the Board consists of five members. The minimum composition recommended for an audit committee pursuant to Recommendation 8.1 is three.

The Board does not have a separate charter for its remuneration functions; however, the Board is vested with the responsibility to review remuneration packages and policies (including remuneration, incentives, termination policies and superannuation arrangements) applicable to the each of the Directors and the Company Secretary. Remuneration levels are competitively set to attract the most qualified and experienced Directors for the benefit of the Company and Shareholders. The Board obtains independent advice on the appropriateness of remuneration packages.

A full disclosure of the Company's remuneration philosophy and framework and the remuneration received by Directors in the current period are set out in the Remuneration Report, which is contained within the Directors' Report.

An approved Employee Share Option Plan is in place to enable the Board to grant share options as an incentive for superior performance to eligible employees. Directors are currently not eligible to participate in the Employee Share Option Plan. Any changes to this policy would require Shareholder approval.

Shareholder approval is also required to determine the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently set at $250,000 per annum.

3. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

4. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by Recommendation 3.2 entitled *Guidelines for Dealing in Securities*. This policy applies to Directors, employees and contractors of the Company, and is available from the Company on request.

CORPORATE GOVERNANCE STATEMENT *(continued)*

4. DIRECTORS' DEALINGS IN COMPANY SHARES *(continued)*

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors and employees from dealing in shares of the Company whilst in possession of price sensitive information.

5. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Continuous Disclosure and Information Policy as required by Recommendation 5.1, which is available on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;
- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

6. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy ("the Privacy Policy"), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders' personal information. This Privacy Policy sets out the Company's personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders' information and the security of that information.

The Board has not adopted any additional formal codes of conduct to guide compliance with legal and other obligations to Shareholders, in accordance with Recommendation 6. This is because the Board considers, in the context of the size and nature of the Company, that it would not improve the effective exercise of the Shareholders' rights.

Nevertheless, the Company informally adopts several of the suggestions in Recommendation 6, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

7. RECOGNISE AND MANAGE RISK

The Board has no formal policy in place to recognise and manage risk, as recommended by Recommendation 7.1. This is because the Board considers, in the context of the size and nature of the Company, that it would not improve the Company's system of risk oversight and management and internal control.

CORPORATE GOVERNANCE STATEMENT *(continued)*

7. RECOGNISE AND MANAGE RISK *(continued)*

Notwithstanding the absence of a formal policy, risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company's opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement from various Directors and management, depending upon the nature and materiality of the matter. The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively.

As the Company has not appointed a Chief Executive Officer (or equivalent) or Chief Financial Officer (or equivalent), an assurance under s295A of the Corporations Act has been made by Mr John Palermo.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Annual Report.