

GLADIATOR RESOURCES LTD

ABN 58 101 026 859

QUARTERLY REPORT

FOR THE PERIOD ENDED 31 December 2013

REVIEW OF OPERATIONS

ISLA CRISTALINA JOINT VENTURE (ZAPUCAY PROJECT) – URUGUAY



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

IRON ORE, MANGANESE, BASE METALS

ISLA CRISTALINA JOINT VENTURE, URUGUAY

Interest: Gladiator Resources Limited earning up to 80%

Operator: Gladiator Resources Limited

During the quarter the company continued the review of the existing data of the Zapucay Project, with the view of refining the existing geological model for the project and completing the design for a small drilling campaign.

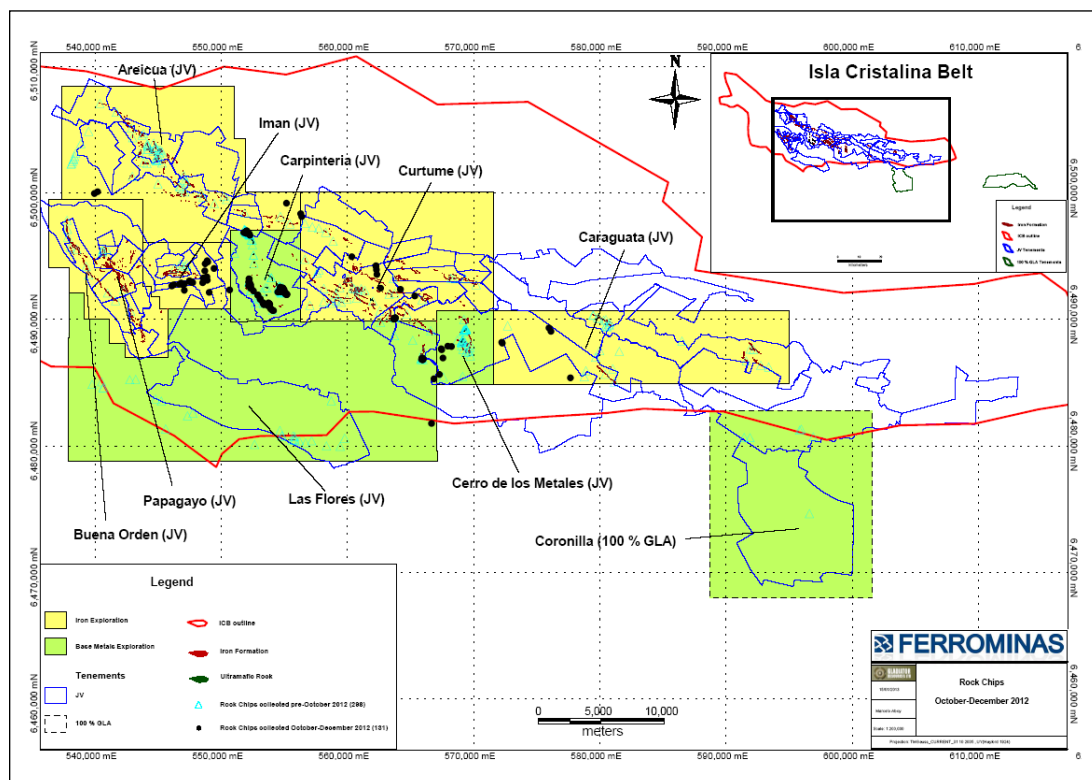


Figure 2: Location of Joint Venture & 100% GLA Tenements - Iron & Base Metal Projects

ZAPUCAY MERCHANT PIG IRON PROJECT

Background

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

The joint venture tenements cover an area of approximately 750 km² within the Isla Cristalina Belt. Gladiator has applications for two prospecting permits covering an additional 150 km² in the area. The Isla Cristalina Belt is a Palaeoproterozoic orogenic belt located in Northern Uruguay and hosts a number of magnetite deposits, several of which are located within the Zapucay Project area.

The Project's development is based on mining and processing the magnetite resources from the Papagayo, Buena Orden and Iman magnetite deposits in the Zapucay region to produce merchant pig iron (MPI) for export. The concept envisages that the iron ore will be mined and processed to an

iron concentrate, which will then be pelletised to make it suitable as a blast furnace feed. Charcoal, produced using the timber from nearby plantations will be used as the reductant in the mini blast furnace. The pig iron will then be exported using the established rail and port infrastructure.

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

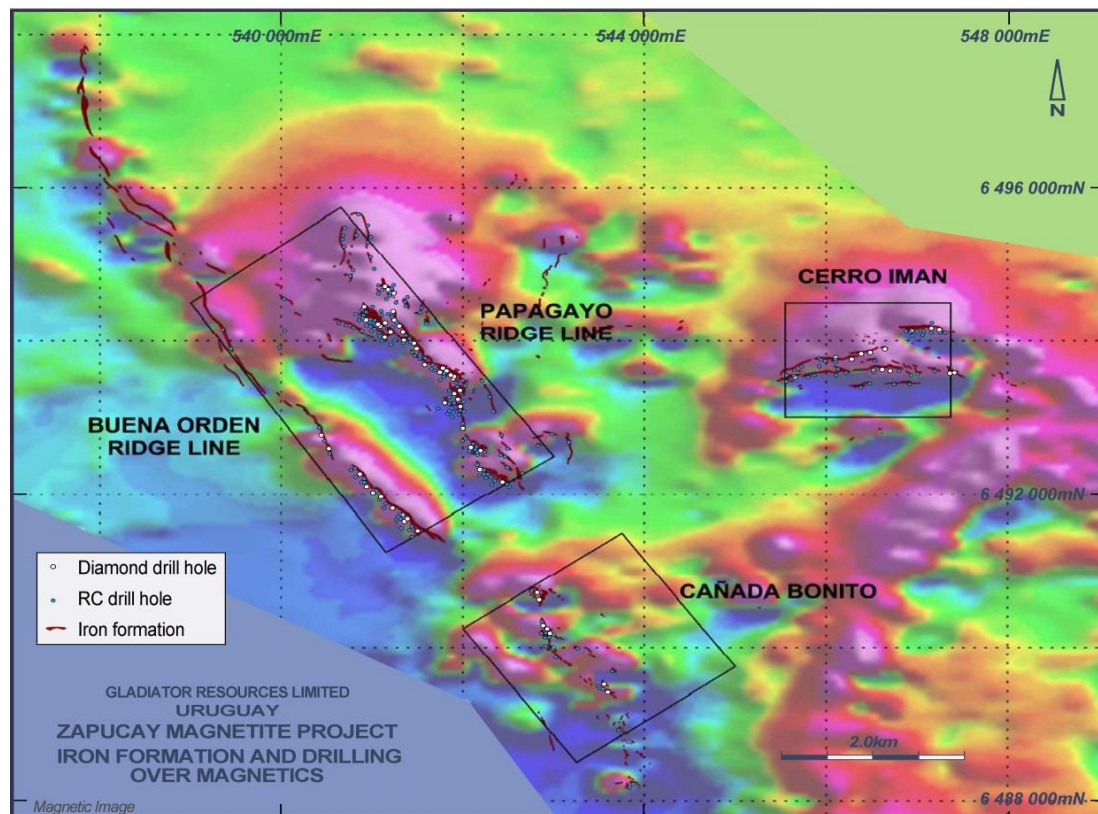


Figure 3: Zapucay Project – Location of Magnetite Deposits, Drilling & Airborne Magnetics

Mineral Resources

During the September 2012 quarter SRK Consulting (UK) Limited (SRK) completed an update of the Mineral Resource Estimate at the Zapucay Project which was announced to the market on 7 September 2012 and reported in the September quarterly report.

Feasibility Study

During the quarter a review of the pre-feasibility study, completed during the September 2012 quarter, continued with the aim of identifying areas where significant cost savings could be made and areas where additional information is required. The aim of this work is to assist in defining the full scope for the feasibility study.

Engineering

No work was performed during the quarter in relation to project engineering.

Project Logistics and Infrastructure

Discussions are ongoing with Uruguayan port and rail authorities regarding their proposed new port near Montevideo, which has the potential to reduce project transportation costs.

Approvals Status

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

The Uruguayan Department for the Environment has advised Gladiator that they accepted the project submission and have invited the Company to proceed with the final project submission.

ISLA CRISTALINA BELT – BASE METALS

No base metals exploration was undertaken during the quarter.

EXPLORATION LICENCES 100% OWNED BY GLADIATOR

No exploration was undertaken over the 100% owned Gladiator licences during the quarter.

BIOMASS PYROLYSIS TECHNOLOGY

LICENSING RIGHTS TO DPC PROCESS

DPC Process and Zapucay Project

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

PROJECT OVERVIEW AND BACKGROUND

Licensing Agreement

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

The licence grants 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.

DPC Process

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

- Higher yield;

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

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

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

CORPORATE MATTERS

During the quarter, the Company received a research and development taxation rebate from the Australian Taxation Office of \$953,000. The proceeds from the rebate will be used to further the exploration at the Company's Zapucay Project in Uruguay.

At the Company's Annual General Meeting held on 21 November 2013, all resolutions were passed on a show of hands, including the re-election of all members of the Board.

Contact:

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Disclaimer

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

With respect to forward-looking statements contained in this release, assumptions have been made regarding, among other things, the reliability of information prepared and/or published by third parties that are referenced in this press release or was otherwise relied upon by the Company in preparing this press release. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove

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

| Tenement | Granted | Expiry | Area has | Locality | Licensee | Interest |
|------------|------------|------------|----------|------------------------|---------------------|----------|
| PP 1832-06 | 17/06/2009 | 17/06/2013 | 1036 | Areicua | Montemura S.A. | 51 % |
| PE 1143-08 | 29/04/2011 | 28/04/2013 | 124 | Cerro del Iman | Ermal S.A. – Orosur | 51 % |
| PP 391-09 | 25/02/2011 | 25/02/2013 | 1800 | Vichadero S | Montemura S.A. | 51 % |
| PP 1810-09 | 22/12/2010 | 22/12/2013 | 246 | Curtume N | Montemura S.A. | 51 % |
| PP 1811-09 | 22/12/2010 | 22/12/2013 | 474 | Curtume N | Montemura S.A. | 51 % |
| PP 2144-09 | 18/01/2011 | 18/01/2014 | 925 | 7 Porteras | Montemura S.A. | 51 % |
| PP 62-10 | 15/04/2011 | 15/04/2012 | 796 | Cerro del Iman | Bolir S.A. | 51 % |
| PP 123-10 | 08/04/2011 | 08/04/2013 | 6105 | Paso de las Piedras | Montemura S.A. | 51 % |
| PE 373-10 | 18/08/2010 | 18/08/2012 | 141 | Cerro Papagayo | Montemura S.A. | 51 % |
| PP 493-10 | 22/12/2010 | 22/12/2013 | 202 | Cerro Papagayo | Bolir S.A. | 51 % |
| PE 1656-10 | 12/07/2011 | Stand by | 285 | Cerro del Iman | Ermal S.A. – Orosur | 51 % |
| PP 69-11 | 22/02/2013 | 07/03/2015 | 2139 | Cerro Chato de Abrojal | Ferrominas S.A. | 51 % |
| PP 1350-11 | 22/02/2013 | 13/03/2015 | 1746 | Zapucay | Ferrominas S.A. | 51 % |
| PE 1571-11 | 28/01/2013 | 25/02/2015 | 424 | Cerro Papagallo | Ferrominas S.A. | 51 % |
| PE 1575-11 | 21/08/2012 | 30/08/2014 | 215 | Cerro Manganeso | Ferrominas S.A. | 51 % |
| PP 1751-11 | 25/02/2013 | 07/03/2015 | 326 | Arroyo Carpinteria | Ferrominas S.A. | 51 % |
| PP 1752-11 | 10/04/2013 | 25/03/2014 | 138 | Arroyo Carpinteria | Ferrominas S.A. | 51 % |
| PP 2722-11 | 22/02/2013 | 13/03/2015 | 551 | Cerro del Iman | Ferrominas S.A. | 51 % |

| Tenement | Granted | Expiry | Area Km ² | Locality | Licensee | Interest |
|----------|---------|--------|----------------------|----------|----------|----------|
| N/A | | | | | | |

| Tenement | Granted | Expiry | Area Km ² | Locality | Licensee | Interest |
|----------|---------|--------|----------------------|----------|----------|----------|
| N/A | | | | | | |

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

GLADIATOR RESOURCES LIMITED

ABN

58 101 026 859

Quarter ended ("current quarter")

31 December 2013

Consolidated statement of cash flows

| Cash flows related to operating activities | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--|----------------------------|--|
| 1.1 Receipts from product sales and related debtors | | |
| 1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration | (49) (571) | (122) (873) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of a similar nature received | 8 | 12 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Other (provide details if material) Other (R&D Tax Offset) | | - |
| | 953 | 953 |
| Net Operating Cash Flows | 341 | (30) |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets | - | |
| 1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets | | |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | | |
| 1.12 Other (provide details if material) | - | |
| Net investing cash flows | - | |
| 1.13 Total operating and investing cash flows (carried forward) | 341 | (30) |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

| | | | |
|---|--|-----|------|
| 1.13 | Total operating and investing cash flows (brought forward) | 341 | (30) |
| Cash flows related to financing activities | | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | |
| 1.15 | Proceeds from sale of investment in shares | 47 | 111 |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Other (capital raising costs) | | |
| | Net financing cash flows | 47 | 111 |
| | Net increase (decrease) in cash held | 388 | 81 |
| 1.20 | Cash at beginning of quarter/year to date | 474 | 781 |
| 1.21 | Exchange rate adjustments to item 1.20 | | |
| 1.22 | Cash at end of quarter | 862 | 862 |

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

| | | Current quarter \$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 68 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | |

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

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

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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 150 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 200 |
| Total | 350 |

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

| | Current quarter \$A'000 | Previous quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 862 | 474 |
| 5.2 Deposits at call | | |
| 5.3 Bank overdraft | | |
| 5.4 Other (provide details) | | |
| Total: cash at end of quarter (item 1.22) | 862 | 474 |

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|----------------------------------|--|----------------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

| | | | |
|--|--|--|--|
| | | | |
|--|--|--|--|

Issued and quoted securities at end of current quarter

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

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|--------------|---------------|---|--|
| 7.1 Preference securities <i>(description)</i> | | | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 +Ordinary securities | 232,985,238 | 232,985,238 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 +Convertible debt securities <i>(description)</i> | | | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 Options <i>(description and conversion factor)</i> | - | - | <i>Exercise price</i> | <i>Expiry date</i> |
| | 137,996,940 | 137,996,940 | \$0.10 | 30/06/2015 |
| 7.8 Issued during quarter | | | | |
| 7.9 Exercised during quarter | | | | |

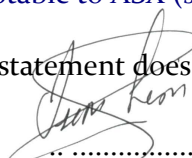
+ See chapter 19 for defined terms.

| | | | | | |
|------|---|-------------|---|-----------------------|--------------------|
| 7.10 | Expired during quarter | (1,000,000) | - | <i>Exercise price</i> | <i>Expiry date</i> |
| | | (1,000,000) | - | \$0. 0 | / /2013 |
| | | | | \$0. 0 | / /2013 |
| 7.11 | Debentures <i>(totals only)</i> | | | | |
| 7.12 | Unsecured notes <i>(totals only)</i> | | | | |

Compliance statement

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

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

Sign here:  Date: 31 January 2014.
(Director)

Print name: Oscar Leon.....

Notes

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

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

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

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

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

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+ See chapter 19 for defined terms.