

# **GLADIATOR RESOURCES LIMITED**

**(ABN 58 101 026 859)**

**2011 ANNUAL REPORT**



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

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**GLADIATOR RESOURCES LIMITED**  
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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 2011.

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. This agreement enables Gladiator to access the DPC process (drying, pyrolysis and cooling) from the inventors. Gladiator has the rights to exploit the technology worldwide other than Brazil and with the exception of tyres. The availability of timber in the immediate area coupled with access to the technology enables lower charcoal production costs and dramatically reduces the environmental impact. When compared to other methods this process generates a stronger charcoal containing a higher fixed carbon content with more uniform product quality.

The Zapucay Project concept is to mine and concentrate magnetite ore in the Isla Cristalina Belt and feed this into mini blast furnaces to produce merchant pig iron. This avoids the large production scale with consequent extreme capital costs of a conventional magnetite export project.

The combination of high grade concentrate, charcoal technology and availability of timber will generate a low cost pig iron product. Given the strong global demand for virgin iron, the financial feasibility of the Project is 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. The continuing expenditure triggered Gladiator earning 51% of the joint venture during the third quarter of 2011. When Gladiator produces a bankable feasibility, anticipated to be on or before 31 December 2015, it will earn an 80% interest in the joint venture.

An exciting milestone was reached when Coffey Mining Pty Ltd (Brazil) completed the maiden JORC compliant inferred mineral resource of 58 Mt at 28% Fe in the Cerro Iman and Cerro Papagayo areas. This report was based on exploration drilling to February 2011 which comprised 4,800 metres of drilling over a strike length of 1,500 metres at Cerro Iman and 500 metres at Cerro Papagayo. This resource would produce approximately 20 Mt of concentrate at 66% Fe. This tonnage would be sufficient to support a 400,000 Tpa pig iron production for in excess of 20 years.

Geophysical modelling of the magnetic susceptibility has indicated potential for significantly more resource in the project area. Drilling of over 7,000 metres in the period February through to 30 June has confirmed that this potential should be realised.

Engineering work commenced on concentrator and blast furnace design. The option of replacing the sinter plant with a pellet plant will be reviewed. Preliminary logistical studies have shown the potential to export pellets, surplus to an initial single blast furnace operation, through the Rio Grande port in southern Brazil.



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**CHAIRMAN'S REPORT *(continued)***

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 efforts in Uruguay to bring the Project to fruition.

Dated this 29<sup>th</sup> day of September, 2011

**LEONARD DEAN**

**Chairman**



**GLADIATOR RESOURCES LIMITED**  
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**REVIEW OF OPERATIONS**

**OVERVIEW**

During the year, Gladiator's main activities were focused on evaluating the magnetite resources at the Zapucay Project in Uruguay and preparing a pre-feasibility study on developing a Pig Iron Project utilising those resources.

Resource drilling and evaluation commenced in August 2010 and continued throughout the year. An initial Inferred Mineral Resource of 58Mt @ 28% iron, based on drilling results available as at January 2011, was announced for the Zapucay Project during the reporting period. It is important to note that this mineral resource significantly exceeds the resource required for the base case pig iron project development. Since the completion of this work, additional drilling has been completed and an upgrade to the resource estimate is expected when this new data is included.

Assay results show thick intersections of magnetite mineralisation in the Zapucay resources and importantly, Davis Tube Recovery test work shows recovery of excellent quality magnetite with very low levels of deleterious material. The resource estimate shows that 33.7% of the mineral resource could be recovered by magnetic separation as a magnetite concentrate containing over 66% iron with very low phosphorus content of 0.011%.

The Company has commenced a pre-feasibility study on an initial starter project and has engaged appropriately qualified organisations to assist with the design, operation and costing of the main components of the mine, concentrator, charcoal production plant, sinter plant, mini blast furnace and power plant. Conceptual studies to date have identified relatively modest capital and operating costs. The studies have also confirmed the robustness of the project. However, Gladiator is continuing to explore opportunities to further enhance project parameters as the economics of the project are confirmed during the pre-feasibility study period.

During July 2010, the Company finalised the agreement with the inventors of the DPC biomass pyrolysis process. The charcoal produced by the DPC process is very suitable for use as a reductant in mini blast furnaces. Gladiator believes that this is 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 Gladiator on the design and costing of the charcoal production facility for the Uruguay Pig Iron Project.

In December 2010, Octagonal Resources (WA) Limited acquired the earn-in-rights to the Hogan's Project from Newmont Exploration Ltd. Octagonal has identified four priority regional targets and is encouraged by the results from its initial drilling programmes at these prospects.

To assist with the development of the Company and in particular the advancement of the Company's pig iron project in Uruguay, the Company appointed two new directors during the year. Mr Len Dean, a metallurgist with over 40 years of experience in operations and marketing in the global iron ore industry, was appointed as Chairman of the Company on 26 August 2010 and Mr Daniel Bruno, an investment banker with significant experience in international finance, was appointed as a director of the Company on 19 January 2011.



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**REVIEW OF OPERATIONS *(continued)***

Subsequent to the end of the reporting period, the Company announced that it had completed the second phase of the earning in the Joint Venture to lift its interest in the Project to 51%. The Company now owns 51% of the Project and is proceeding with a bankable feasibility study to earn the additional 29% to take its interest up to 80% at the completion of the bankable feasibility study.

In December 2010, the Company successfully raised approximately \$6.3m of new capital by the placement of 27.5m shares at 23 cents per share with a one for two free unlisted options exercisable at \$0.40 expiring on 31 December 2012. The funds were raised to enhance working capital, progress activities at the Zapucay project and accelerate earning interest in the Uruguay Project.

**ZAPUCAY PIG IRON PROJECT**

**Project Overview, Concept and Status**

***Agreement***

During August 2010, the Company entered into an Option and 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 at the Isla Cristalina Belt (“ICB”) in Uruguay (Figure 1). The Agreement with OMI provides for Gladiator to earn a 20% interest in the Zapucay Project by expending USD \$1,000,000 on work programmes. Gladiator may, at its discretion, earn a further 31% by expending a further USD \$4,000,000 taking its interest to 51%. Gladiator may elect to earn a further 29% taking its interest to 80% by producing a bankable feasibility study on or before 31 December 2015.

***Geology***

The Isla Cristalina Belt is a Palaeoproterozoic orogenic belt located in Northern Uruguay, with approximate dimensions of 100 kms by 40 kms, and which hosts several discrete iron formation occurrences, several of which are located at the Zapucay Project. Additional areas include Areicua and Curtume, and subject to drill evaluation they have the potential to become stand-alone projects or allow expansions of the Zapucay Project.

***Development Concept***

The Company completed a conceptual study on the project as part of Gladiator’s obligations under the Option Agreement. Based on the results of the study, Gladiator is of the opinion 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 sintered or 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.



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**REVIEW OF OPERATIONS *(continued)***

***Work Undertaken***

Resource drilling commenced in August 2010 and has continued throughout the year under review. An initial JORC-compliant Inferred Mineral Resource of 58Mt at 28% Fe was announced during the fourth quarter. 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. A pre-feasibility study commenced during the year on the development of the pig iron project incorporating an integrated charcoal plant, sinter plant and mini blast furnace technology. Costs developed to date are in line with previous estimates developed during the conceptual study.



*Figure 1: Location of Isla Cristalina Belt in Uruguay*



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**REVIEW OF OPERATIONS (continued)**

**Resource Estimate**

Drilling utilising one diamond and up to two RC rigs commenced during August 2010 and continued throughout the year. As at the end of June 2011, 117 RC drill holes aggregating 10,273 metres and 52 diamond drill holes aggregating 3,377 metres had been completed on the main mineral deposits (Cerro Iman, Cerro Papagayo, Papagayo North, Papagayo ridge and Buena Orden) within the Zapucay Project (Figures 2 and 3). A summary of the drilling is presented in Table 1

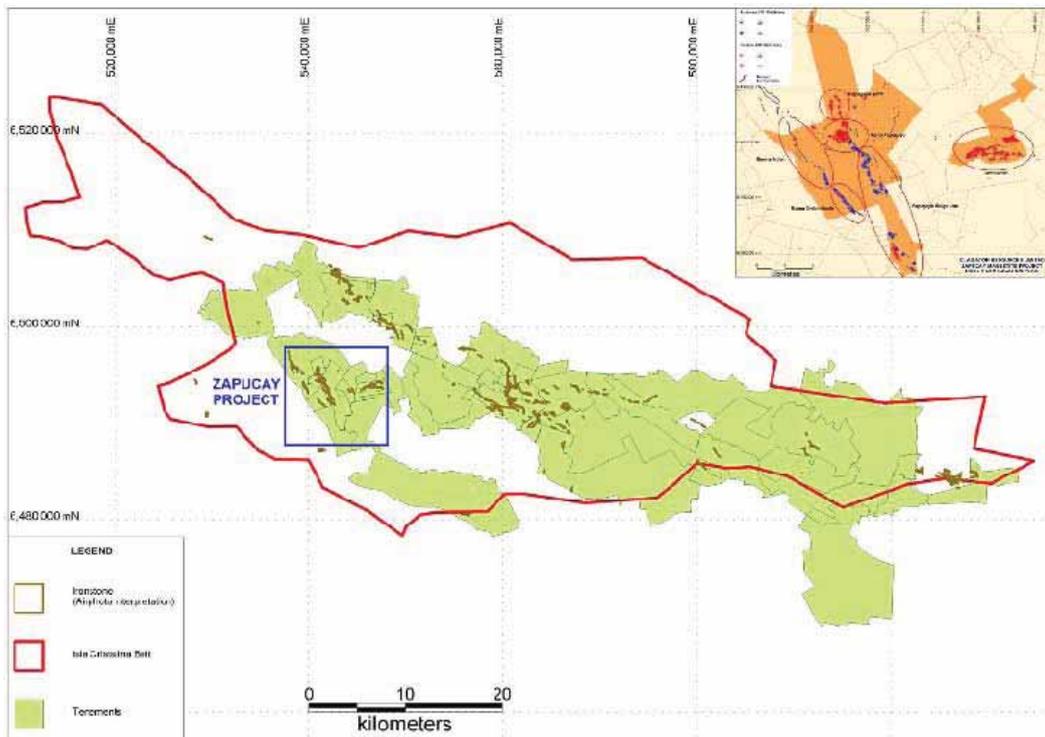


Figure 2: Location of Zapucay Project, Joint Venture Tenements & Ironstone in the Isla Cristalina Belt

**TABLE 1**  
**ZAPUCAY PROJECT**  
**DRILL HOLES COMPLETED AUGUST 2010 – JUNE 2011**

Location	RC Drilling		Diamond Drilling	
	Holes	Metres	Holes	Metres
Cerro Iman	37	2,935	18	699
Cerro Papagayo	23	2,101	16	1,162
Papagayo North	14	944	0	0
Papagayo Ridge	32	3,315	10	793
Buena Orden	11	978	8	723
<b>Total</b>	<b>117</b>	<b>10,273</b>	<b>52</b>	<b>3,377</b>
<b>TOTAL</b>	<b>169 holes for 13,650 metres</b>			



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**REVIEW OF OPERATIONS (continued)**

Coffey Mining Pty Ltd (Coffey) was engaged by the Company to provide advice and consulting services to the project on resource evaluation and mine planning.

Coffey has completed an initial JORC-compliant Inferred Mineral Resource estimate of 58Mt at 28% Fe in the Cerro Iman, Cerro Papagayo and Buena Orden mineral deposits that form part of the Zapucay project. Coffey has estimated the mineral resource in accordance with the guidelines set out in the JORC Code (2004) using ordinary kriging and inverse distance weighting. The average density for the resource is 3.46g/cm<sup>3</sup>. A summary of the resource estimate is provided in Table 2.

Deposit	Tonnes Million	DTR % rec	Assays %					
			Fe	SiO <sub>2</sub>	Al <sub>2</sub> O <sub>3</sub>	Mn	P	LOI
Cerro Iman	23.9	33.2	29.2	37.7	3.4	4.8	0.107	1.8
Cerro Papagayo	29.0	35.0	27.4	38.5	4.1	5.8	0.094	1.8
Buena Orden	5.4	29.4	25.2	43.0	5.5	3.4	0.107	1.3
<b>TOTAL</b>	<b>58.3</b>	<b>33.7</b>	<b>28.0</b>	<b>38.6</b>	<b>3.9</b>	<b>5.2</b>	<b>0.101</b>	<b>1.7</b>

The mineral resource was based on drilling and assay results available as at 28 February 2011, which comprised 4,930 metres of drilling from 76 drill holes and 1,640 samples. The resource estimate for Cerro Iman covers a mineralised strike length of approximately 1,500 metres, for Cerro Papagayo the northern 500 metres of a 4km northwest-southeast trending mineralised ridge and for Buena Orden approximately 400 metres of an 8km long ridge located approximately 1.5kms west of and parallel to the Papagayo ridge line (Figure 3).

Since the cut-off date (28 February 2011) for the database for the initial resource estimate by Coffey, a further 93 holes for approximately 9,000 metres have been drilled with numerous significant mineralised intersections being recorded. In addition, a further 2,300 samples have been submitted for DTR analysis. Drilling is continuing on the extension of the Cerro Papagayo ridgeline and on the Buena Orden ridgeline.

It is important to note that this inferred mineral resource significantly exceeds the resource required for the base case pig iron project development.

**Resource Quality**

Samples from the drilling are being prepared in Uruguay and forwarded to Perth for analytical work comprising head assays and Davis Tube Recovery (DTR) test work. 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 the quality of magnetite concentrate that could be produced.

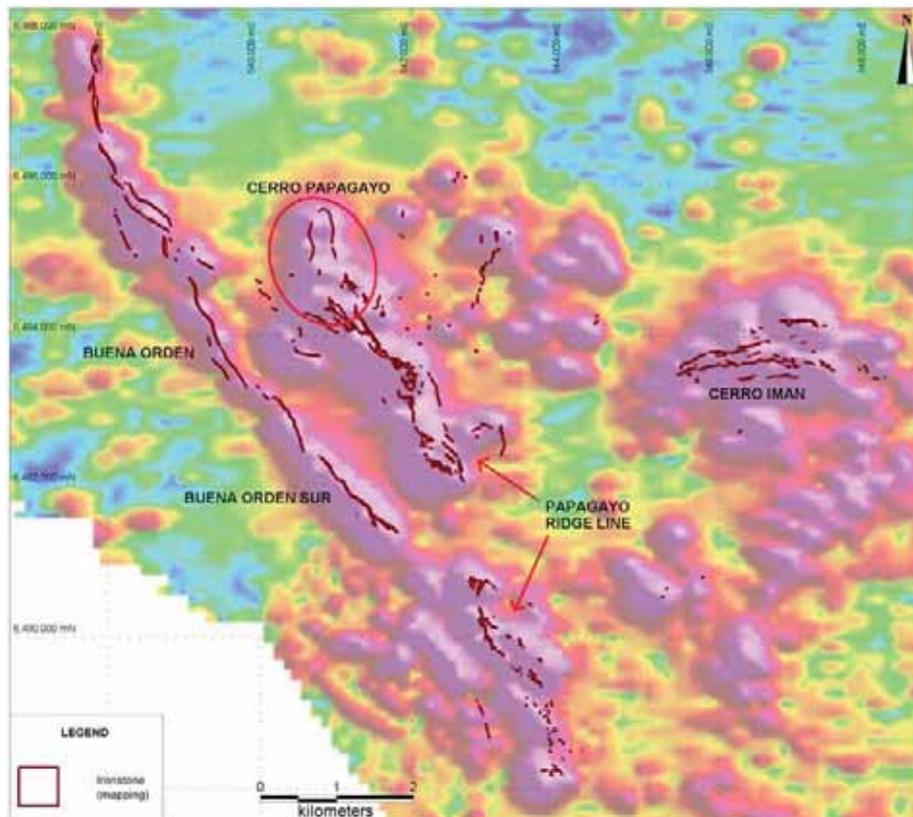


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**REVIEW OF OPERATIONS *(continued)***

Head assay results show thick intersections of magnetite mineralisation are present in all the areas drilled to date – namely Cerro Iman, Cerro Papagayo and Buena Orden. Importantly, the results from the DTR test work show the recovery of excellent quality magnetite with very low levels of deleterious material from all three deposits.

Coffey has estimated that 33.7% of the mineral resource could be recovered by magnetic separation as a magnetite concentrate containing over 66% iron and very low phosphorus content of 0.011% (Table 3).



*Figure 3: Zapucay Project - Location of Mineral Deposits*

<b>TABLE 3</b>						
<b>ZAPUCAY PROJECT</b>						
<b>INFERRED MINERAL RESOURCE - DTR MAGNETIC FRACTION</b>						
<b>Deposit</b>	<b>Tonnes Million</b>	<b>Assays %</b>				
		<b>Fe</b>	<b>SiO<sub>2</sub></b>	<b>Al<sub>2</sub>O<sub>3</sub></b>	<b>Mn</b>	<b>P</b>
<b>Cerro Iman</b>	7.9	66.0	3.9	0.5	1.8	0.010
<b>Cerro Papagayo</b>	10.2	65.8	3.5	0.4	2.4	0.013
<b>Buena Orden</b>	1.6	67.5	3.1	0.4	1.0	0.009
<b>TOTAL</b>	<b>19.7</b>	<b>66.1</b>	<b>3.6</b>	<b>0.4</b>	<b>2.0</b>	<b>0.011</b>

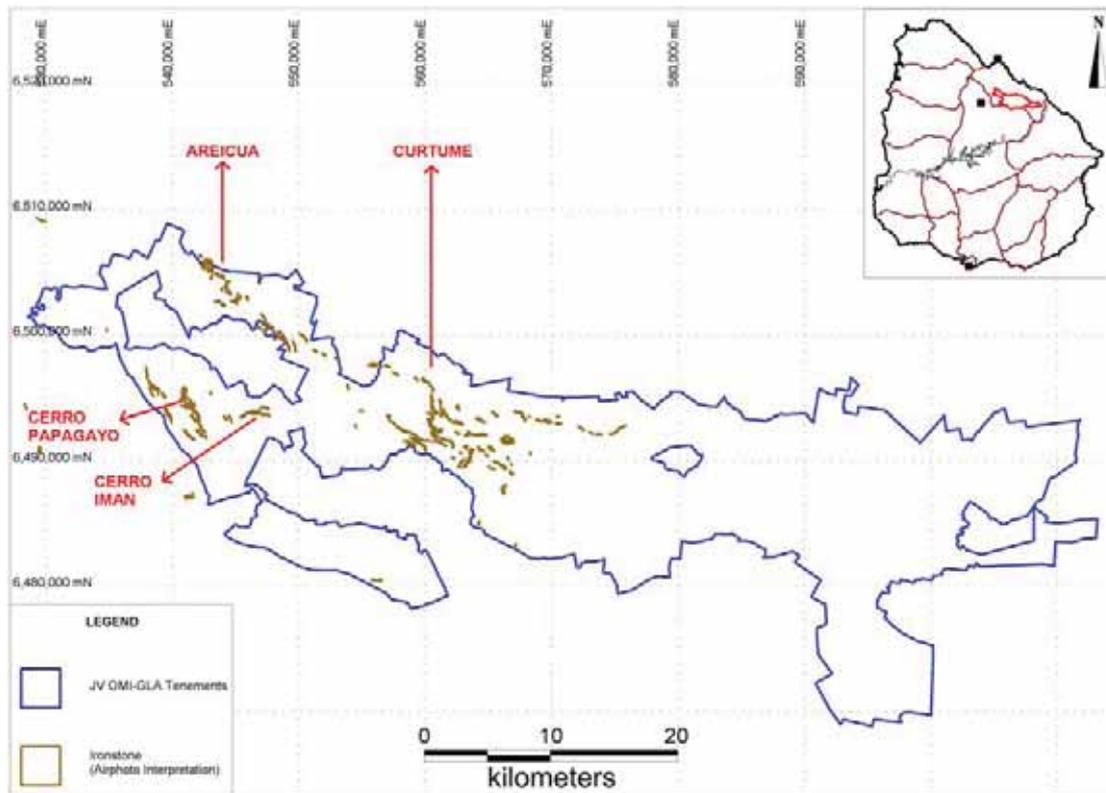


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**REVIEW OF OPERATIONS *(continued)***

**Additional Potential Resources**

In order to provide a theoretical estimate of the volume of magnetic material at the main mineralised areas within the Joint Venture tenements, Coffey was commissioned to undertake geophysical modelling of the available data for the Zapucay, Areicua and Curtume Project areas. The data included magnetic susceptibility, airborne and ground magnetic data and outcrop measurements. The results of this work are summarised in Table 4 and the locations of the Areicua and Curtume project areas in relation to Cerro Papagayo and Cerro Iman are shown in Figure 4.



*Figure 4: Location of Joint Venture Tenements, Ironstone and Main Prospects*

At Cerro Iman and Cerro Papagayo modelling estimated a volume of 32.4 million cubic metres of magnetic material to be present, which is equivalent to a minimum of 100 Mt assuming an average specific gravity of  $3t/m^3$ . This volume estimate excludes material located on ridgelines that are currently being drilled.

At Areicua, located approximately 10kms north-northeast of the Zapucay project area, an estimate of 22.6 million cubic metres of magnetic material was obtained from the modelling, which is equivalent to nearly 70 Mt, assuming an average specific gravity of  $3t/m^3$ . At Curtume, where a significant strike length of iron formation exists, a volume estimate was not possible due to the weak magnetism of the iron formation.



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**REVIEW OF OPERATIONS (continued)**

Project	Volume (m <sup>3</sup> x 10 <sup>6</sup> )	Equivalent Tonnage (t x 10 <sup>6</sup> )
Zapucay - Cerro Papagayo	19.9	59.7
Zapucay - Cerro Iman	12.5	37.5
Areicua	22.6	67.8
<b>TOTAL</b>	<b>55.0</b>	<b>165.0</b>

**Pre-Feasibility Study**

During the year, the Company commenced a pre-feasibility study on an initial starter project. The main elements of the project comprise:

- A mine site where the iron ore will be mined and processed to a magnetite concentrate;
- A pig iron plant where the concentrate will be sintered or pelletised and then converted into pig iron;
- Several charcoal production modules, which may be located at the pig iron plant or next to plantations; and
- Development and augmentation of relevant infrastructure to support the project operations.

The Company has engaged appropriately qualified organisations to assist with the design, operation and costing of the main components of the mine, concentrator, charcoal production plant, sinter or pellet plant, mini blast furnace and power plant. Conceptual studies to date have identified relatively modest capital and operating costs. The studies have also confirmed the robustness of the project. However, Gladiator is continuing to explore opportunities to further enhance project parameters as the economics of the project are confirmed during the pre-feasibility study period.

Concentrator

A project objective is to design a process plant that uses simple and robust equipment that does not have a high power requirement.

A comprehensive programme of metallurgical testwork is underway on core and bulk samples to determine the physical characteristics of the ore, the optimum grind for the recovery of a magnetite concentrate and the recovery of a separate manganese product. The results of the test work to date are very encouraging and have shown that a high quality magnetite concentrate can be produced with extremely low phosphorus content, which will produce a low phosphorus pig iron that should be attractive in the market place.

Thick intersections of manganese mineralisation associated with the magnetite mineralisation are being intersected during resource drilling and test work to investigate the production of a separate manganese product is being conducted as part of the metallurgical studies.



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**REVIEW OF OPERATIONS *(continued)***

Important results from the metallurgical testwork include:

- Dry magnetic separation at a coarse crush gives a high recovery of magnetite;
- Magnetite concentrate contains low levels of sulphur and phosphorus;
- Magnetite ore is very uniform in its metallurgical responses;
- Total recovery of magnetite is very high;
- Quality of the magnetite concentrate is improved by multi-stage grinding; and
- Manganese preferentially reports to the non-magnetics.

Metallurgical test work is ongoing and aimed at optimising the process flow sheet. The design of the concentrator has commenced and completion is subject to finalisation of the process flow sheet.

Charcoal Production

An important part of the pre-feasibility study is the design of a suitable charcoal production plant and the identification of suitable supplies of timber for the process.

During the year, the Company commissioned a Uruguayan timber consultant to undertake a comprehensive study into the ownership and availability of timber in the northern region of Uruguay together with an evaluation of the economics of plantation development in the area. The report indicated that there should be ample supplies of suitable and reasonably priced timber available to the project from plantations in the region.

The Company is working closely with the Brazilian owners of the DPC biomass pyrolysis technology on the design of the charcoal production facility. Charcoal production test work on samples of available timber was carried out during the first quarter of 2011 at the DPC facilities in Brazil. The results of this work are encouraging and confirm the higher yield and higher quality of charcoal produced by the DPC technology when compared to that achieved using traditional charcoal making methods.

A study is underway aimed at identifying potential locations for satellite charcoal plants, taking into account access to roads, labour, power supply and timber supply in the immediate area.

Sinter Plant and Blast Furnaces

A study on the integrated charcoal plant, sinter plant and blast furnaces has been commissioned. It is the intention that this study will allow the preparation of enquiry documents seeking prices from construction companies for the turnkey construction of the sinter and blast furnaces. The study will also produce information necessary for the preparation of the Environmental Impact Assessment. The scope of the study covers:

- Detailed calculation of charcoal requirements;
- Charcoal production;
- Analysis of pig iron production based on the project's raw materials;
- The blast furnace and sinter plants and potential for cogeneration of electricity;
- Site layout; and
- Use of injection of charcoal fines.



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**REVIEW OF OPERATIONS *(continued)***

*Infrastructure and Logistics*

The project site is well located with respect to infrastructure with a sealed road passing within 10kms of the project area and the electrical grid terminating less than 20kms from the likely plant site. Several towns and villages are located in proximity to the project and these should provide access to employees experienced in the mining and forestry industries.

Work is underway on reviewing the various transportation alternatives available to the project for transportation of the pig iron to port and export from the port.

*Environment*

A report on the baseline environmental studies for the project area has been completed and concludes that there do not appear to be any issues of substance that may prevent or hinder the development of the project.

Work has commenced on the preparation of the Environmental Impact Assessment for the project, which is targeted for completion by the end of 2011.

**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.

***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.



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**REVIEW OF OPERATIONS *(continued)***

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. DPC is also providing data on gaseous emissions from a DPC charcoal kiln for the Environmental Assessment for 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 after which Octagonal may elect to earn an additional 10% interest by expending a further \$300,000. Expenditure by and credited to Octagonal to the end of June 2011 amounts to \$670,009.

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

Since acquiring interest in the Hogan's project, Octagonal has been actively exploring the project tenements. Following a review of previous exploration work, Octagonal identified four priority regional targets that partially overlie the Hogan's Gold Joint Venture tenements for drill testing. These targets are referred to as the Sideshow Prospect, Burn's Prospect, Carlson Prospect and Salt Creek-Lucky Bay Gravity Trend (Figure 5).

Work completed by Octagonal includes 177 air core drill holes aggregating 8,267 metres and a 168-station gravity survey. The best gold in regolith results were 1m @ 0.92g/t gold from 13m in OSS071 at the Sideshow Prospect, 3m @ 0.5g/t gold from 46m in OSC091 and 1m @ 0.11g/t gold at the Salt Creek-Lucky Bay Gravity Trend. Octagonal has reported that these latter results define a 1,300m long northwest striking mineralised trend that is unconstrained by drilling to the north-west. Octagonal are planning further exploration activities at these prospects.



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**REVIEW OF OPERATIONS (continued)**

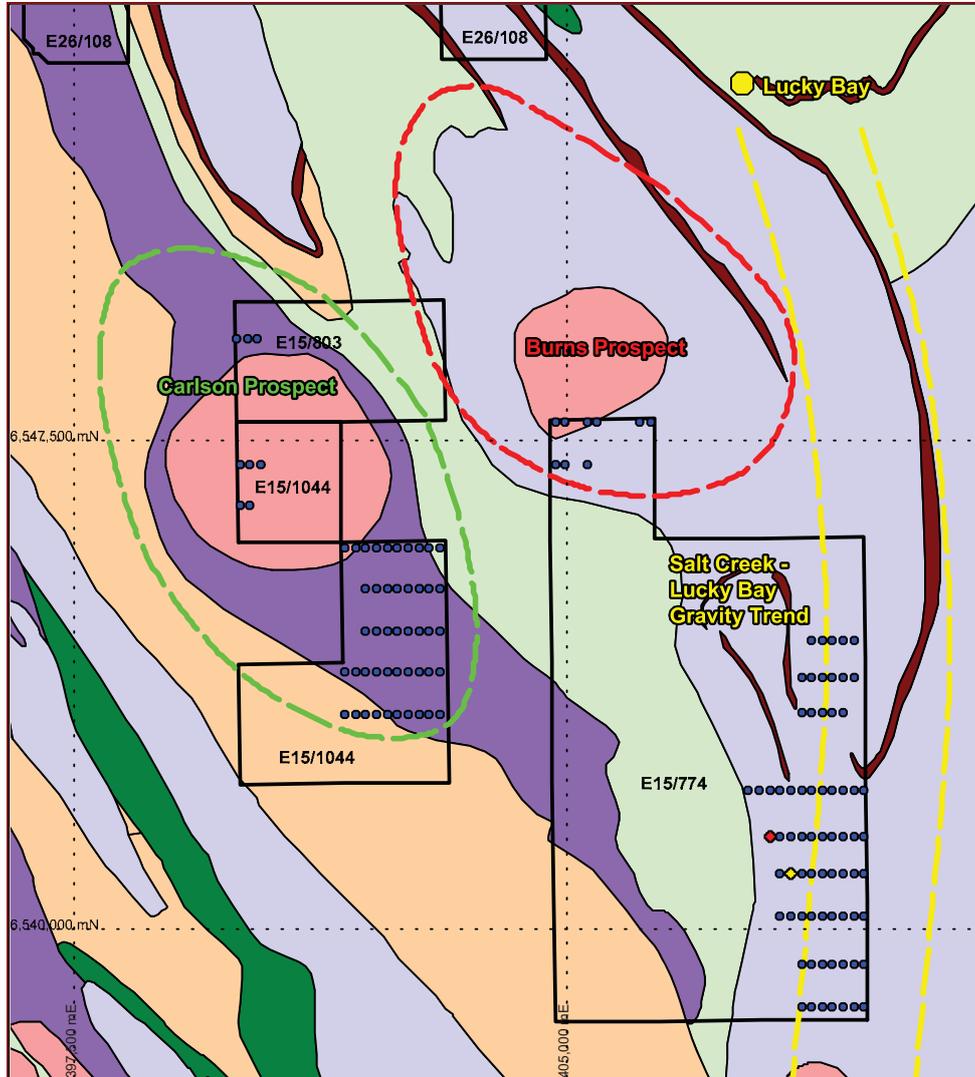


Figure 5: Hogan's Project – Prospect location plan showing drilling results and interpreted geology

**Drilling Results**

- Blue dots: no significant assay result
- Yellow dots: 0.1 – 0.5 g-m Au
- Red dots: 1.0 – 5.0 g-m Au

**Interpreted Geology**

- Purple: ultramafic rocks
- Light green: mafic volcanic rocks
- Dark green: mafic intrusive rocks
- Orange: felsic volcanic rocks
- Red: felsic intrusive rocks
- Blue: metasedimentary rocks
- Brown: banded iron formation



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**REVIEW OF OPERATIONS *(continued)***

*Competent Person's Statement*

*The information in this report that relates to exploration results is based on information compiled by Alex Nutter who is a Fellow of the Australasian Institute of Mining and Metallurgy. Alex Nutter 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. 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.*

*The information in this report that relates to Mineral Resources is based upon information compiled by Bernardo Viana, a geologist with 10 years relevant experience, who is a Member the Australian Institute of Geoscientists. Mr Viana is a full time employee of Coffey Mining Pty Ltd 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. Mr Viana consents to the inclusion in the report of a summary based upon his information in the form and context in which it appears.*



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**REVIEW OF OPERATIONS (continued)**

**TENEMENT SUMMARY**

<b>PROJECT NAME</b>	<b>TENEMENT NUMBER</b>	<b>AREA</b>	<b>EQUITY/ EARNING</b>	<b>LOCATION &amp; NOTES</b>
<b>AUSTRALIAN TENEMENTS</b>				
Hogans	E26/108	27 blocks	100%	25 kms east of Kambalda and 45 kms southeast of Kalgoorlie
	E15/774	13 blocks	100%	
	E15/803	2 blocks	100%	
	E15/1044	4 blocks	100%	
<b>URUGUAY TENEMENTS</b>				
Cerro del Iman	985/04	505 ha	51%	
Paso de las Piedras	988/04	2,519 ha	51%	
Siete Porteras	22/05	2,094 ha	51%	
Zapucay	5/06	2,959 ha	51%	
Rincon de los Castillos	1016/06	5,821 ha	51%	
Zapucay Oeste	2217/07	1,909 ha	51%	
Arroyo Carpinteria	986/04	2,423 ha	51%	
Curtume	1076/04	4,598 ha	51%	
Cerro de La Tuna	312/05	5,155 ha	51%	
Cerro Papagayo	1286/06	69 ha	51%	
Cerro Manganeso	1400/06	142 ha	51%	
Paso de las Piedras E	1910/06	1,975 ha	51%	
Vichadero Sur	981/04	509 ha	51%	
Arroyo Caraguata	982/04	6,138 ha	51%	
Areicua	1832/06	2,345 ha	51%	
Paso de las Piedras N	1911/06	7,348 ha	51%	
Vichadero Centro-Sur	391/09	1,800 ha	51%	
Curtume N	1810/09	246 ha	51%	
Curtume N	1811/09	474 ha	51%	
Siete Porteras	2144/09	925 ha	51%	
Papagayo	493/10	202 ha	51%	
Reserva Minera	2091/10	1,500 ha	51%	



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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 2011. 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) (appointed: 26 August 2010)  
Robert Timothy Adams  
John Palermo  
Stuart John Hall  
Daniel Bruno (appointed: 19 January 2011)

**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 \$(520,687) (2010: loss of \$1,832,131).

**DIVIDENDS PAID OR RECOMMENDED**

No dividends were paid or recommended for the year ended 30 June 2011.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

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

<b>Date</b>	<b>Details</b>	<b>No. of Shares</b>	<b>Issue Price</b>	<b>No. of Options</b>	<b>Exercise Price</b>	<b>Exercisable By</b>
12/08/2010	Pursuant to agreement with Orosur Mining Inc.	450,000	\$0.222	--	--	--
12/08/2010	Unlisted options issued to consultant	--	--	500,000	\$0.35	06/07/2012
12/08/2010	Unlisted options issued to consultant	--	--	500,000	\$0.50	06/07/2013
30/12/2010	Pursuant to resolution of members	27,500,000	\$0.23	13,750,000	\$0.40	31/12/2012
31/12/2010	Unlisted options issued pursuant to a capital raising mandate	--	--	1,000,000	\$0.30	31/12/2013
31/12/2010	Unlisted options issued pursuant to a capital raising mandate	--	--	1,000,000	\$0.40	31/12/2013
21/02/2011	Conversion of unlisted options	250,000	\$0.40	(250,000)	\$0.40	31/12/2012
21/02/2011	Conversion of unlisted options	500,000	\$0.35	(500,000)	\$0.35	06/07/2012
24/02/2011	Conversion of unlisted options	232,611	\$0.40	(232,611)	\$0.40	31/12/2012



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**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**

Subsequent to the end of the financial year ended 30 June 2011, the following event had occurred:

- On 30 August 2011, the Company announced it had earned a further 31% interest in the Isla Cristalina Joint Venture project in Uruguay from Orosur Mining Inc. taking its interest in the project to 51%.

**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)



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**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 27 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 28 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 41 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)



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**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 28 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT (continued)**

**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:

Directors	Primary Benefits			Post Employment		Equity	Other	TOTAL
	Salary & Fees	Cash Bonus	Non-Monetary	Super-annuation	Retirement Benefits	Shares/Options	Benefits	
	\$	\$	\$	\$	\$	\$	\$	\$
Dean, L (appointed: 26 August 2010)								
2011	6,250	--	--	15,896	--	--	--	22,146
2010	--	--	--	--	--	--	--	--
Adams, R T								
2011	346,483	--	--	--	--	--	84,596	431,079
2010	303,800	--	--	--	--	442,750	--	746,550
Palermo, J								
2011	275,399	--	--	--	--	--	--	275,399
2010	288,090	--	--	--	--	442,750	--	730,840
Hall, S J								
2011	40,800	--	--	--	--	--	--	40,800
2010	--	--	--	--	--	--	--	--
Bruno, D (appointed: 19 January 2011)								
2011	16,408	--	--	--	--	--	--	16,408
2010	--	--	--	--	--	--	--	--
Wedlock, G L W (deceased: 19 June 2010)								
2011	--	--	--	--	--	--	--	--
2010	96,663	--	--	--	--	442,750	--	539,413
<b>Total</b>								
2011	685,340	--	--	15,896	--	--	84,596	785,832
2010	688,553	--	--	--	--	1,328,250	--	2,016,803



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT (continued)**

**REMUNERATION REPORT (AUDITED) (continued)**

**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 Options (2010)**

	Grant No.	Grant Date	Vested No.	Value Per Option at Grant Date \$	Terms & Conditions for Each Grant		
					Exercise Price \$	First Exercise Date	Last Exercise Date
GLW Wedlock	500,000	15/06/2010	500,000	\$0.1099	\$0.35	06/07/2010	06/07/2012
	2,000,000	15/06/2010	2,000,000	\$0.1128	\$0.50	06/07/2010	06/07/2013
	2,000,000	15/06/2010	2,000,000	\$0.0811	\$0.70	06/07/2010	06/07/2013
RT Adams	500,000	15/06/2010	500,000	\$0.1099	\$0.35	06/07/2010	06/07/2012
	2,000,000	15/06/2010	2,000,000	\$0.1128	\$0.50	06/07/2010	06/07/2013
	2,000,000	15/06/2010	2,000,000	\$0.0811	\$0.70	06/07/2010	06/07/2013
J Palermo	500,000	15/06/2010	500,000	\$0.1099	\$0.35	06/07/2010	06/07/2012
	2,000,000	15/06/2010	2,000,000	\$0.1128	\$0.50	06/07/2010	06/07/2013
	2,000,000	15/06/2010	2,000,000	\$0.0811	\$0.70	06/07/2010	06/07/2013

The grant of options is to provide an incentive to each of the directors for future services they 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 in 2010.

The model inputs for options granted during the year ended 30 June 2010 included:

- (a) options are granted for no consideration
- (b) exercise prices: \$0.35, \$0.50 & \$0.70
- (c) grant date: 15 June 2010
- (d) expiry dates: 6 July 2012 & 6 July 2013
- (e) share price at grant date: \$0.30
- (f) expected price volatility of the Company's shares: 70%
- (g) risk-free interest rate: 5.25%



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT (continued)**

**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 22, 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:

Name	Cash Bonus		Options					
	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	--	--	2011 2010	-- --	-- --	-- --	-- --	-- --
RT Adams	--	--	2011 2010	-- 100	-- --	-- --	-- --	-- --
J Palermo	--	--	2011 2010	-- 100	-- --	-- --	-- --	-- --
SJ Hall	--	--	2011 2010	-- --	-- --	-- --	-- --	-- --
D Bruno	--	--	2011 2010	-- --	-- --	-- --	-- --	-- --
GLW Wedlock	--	--	2011 2010	-- 100	-- --	-- --	-- --	-- --

*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	--	--	--	--	--

- 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**REMUNERATION REPORT (AUDITED) *(continued)***

**Interest in shares and options of the Company**

As at 30 June 2011, the directors' interests in shares and options of Gladiator Resources Limited were:

	<b>Number of Ordinary Shares</b>	<b>Number of Options over Ordinary Shares</b>
Leonard Dean (appointed: 26 August 2010)	--	--
Robert (Tim) Adams	2,008,889	5,830,000
John Palermo	4,415,000	6,330,000
Stuart Hall	--	--
Daniel Bruno (appointed: 19 January 2011)	215,000	107,500

**Service agreements**

***Remuneration of Chairman and Directors (as at 30 June 2011)***

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 2011)***

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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**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 2011 and the number of meetings attended and circular resolutions executed by each director:

		<b>Board Meetings</b>	<b>Resolutions</b>
		<b>Number</b>	<b>Number</b>
		<b>Eligible</b>	<b>Executed</b>
		<b>to Attend</b>	
Leonard Dean	(appointed: 26 August 2010)	1	34
Robert (Tim) Adams		2	43
John Palermo		2	43
Stuart Hall		2	43
Daniel Bruno	(appointed: 19 January 2011)	1	15

**SHARE OPTIONS**

As at 30 June 2011, there existed the following outstanding options to acquire ordinary shares:

**Unlisted Options**

9,236,923 options remain on issue, exercisable at \$0.065 on or before 31 December 2011;  
1,500,000 options remain on issue, exercisable at \$0.35 on or before 6 July 2012;  
13,267,389 options remain on issue exercisable at \$0.40 on or before 31 December 2012;  
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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**DIRECTORS' REPORT *(continued)***

**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 61.

**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 29<sup>th</sup> day of September, 2011

Signed in accordance with a resolution of the board of directors

**JOHN PALERMO**

**Director**



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2011**

		<b>Consolidated</b>	
		<b>2011</b>	<b>2010</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
Revenue	2	378,641	122,284
Net foreign exchanges (losses)/gains	3(b)	(260,104)	(586)
Borrowing costs	3(a)	(60)	--
Depreciation	3(a)	(8,399)	(9,680)
Administration expenses	3(c)	(132,115)	(90,448)
Advertising and promotion benefits expense	3(c)	(47,550)	--
Auditor's remuneration	3(c)	(53,791)	(24,893)
Company secretarial fees	3(c)	(30,000)	(30,000)
Consulting fees	3(c)	(66,858)	(88,400)
Directors' benefits expense	3(c)	--	(1,328,250)
Exploration expenditure recouped/(written off)	3(c)	1,510	(224,253)
Insurance	3(c)	(17,637)	(16,068)
Legal costs	3(c)	(15,293)	(11,438)
Rent and outgoings	3(c)	(26,743)	(43,036)
Share registry maintenance fees	3(c)	(39,820)	(23,969)
Travel and accommodation	3(c)	(57,217)	(21,063)
Other expenses	3(c)	(145,251)	(42,331)
<b>Loss before income tax</b>		<b>(520,687)</b>	<b>(1,832,131)</b>
Income tax	4	--	--
<b>Loss for the year</b>		<b>(520,687)</b>	<b>(1,832,131)</b>
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		54,436	--
<b>Total comprehensive loss for the year</b>		<b>(466,251)</b>	<b>(1,832,131)</b>
<b>Loss attributable to:</b>			
Members of the parent entity		(466,251)	(1,832,131)
Basic and diluted loss per share (cents per share)	17	(0.52)	(2.41)

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



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2011**

		<b>Consolidated</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>	<b>\$</b>
<b>Current Assets</b>			
Cash and cash equivalents	5	4,522,152	3,182,998
Trade and other receivables	6	647,588	171,246
<b>Total Current Assets</b>		5,169,740	3,354,244
<b>Non Current Assets</b>			
Other financial assets	7	23,381	--
Plant and equipment	8	80,938	18,123
Mineral exploration and evaluation expenditure	9	5,278,197	757,577
<b>Total Non Current Assets</b>		5,382,516	775,700
<b>Total Assets</b>		10,552,256	4,129,944
<b>Current Liabilities</b>			
Trade and other payables	10	772,796	266,526
<b>Total Liabilities</b>		772,796	266,526
<b>Net Assets</b>		9,779,460	3,863,418
<b>Equity</b>			
Issued capital	11(a)	12,443,002	6,413,453
Reserves	12(a)	2,030,800	1,623,620
Accumulated losses		(4,694,342)	(4,173,655)
<b>Total Equity</b>		9,779,460	3,863,418

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



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2011**

<u>Consolidated</u>	Issued Capital \$	Option Reserves \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total \$
<b>Balance at 01/07/2009</b>	3,701,509	295,370	--	(2,341,524)	1,655,355
Total comprehensive loss for the year	--	--	--	(1,832,131)	(1,832,131)
<b>Transactions with owners recorded directly into equity</b>					
Shares issued during the year	2,897,100	--	--	--	2,897,100
Fair value of options issued during the year	--	1,328,250	--	--	1,328,250
Transaction costs	(185,156)	--	--	--	(185,156)
<b>Balance at 30/06/2010</b>	6,413,453	1,623,620	--	(4,173,655)	3,863,418
<b>Balance at 01/07/2010</b>	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)
<b>Transactions with owners recorded directly into equity</b>					
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)
<b>Balance at 30/06/2011</b>	12,443,002	1,976,364	54,436	(4,694,342)	9,779,460

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 2011**

	Note	Consolidated	
		2011	2010
		\$	\$
<b>Cash Flows from Operating Activities</b>			
Receipts from customers		131,379	--
Payments to suppliers and employees		(506,300)	(193,510)
Interest received		326,388	31,492
Borrowing costs		(60)	--
<b>Net Cash Flows Used in Operating Activities</b>	13	<u>(48,593)</u>	<u>(162,018)</u>
<b>Cash Flows from Investing Activities</b>			
Payments for exploration expenditure		(4,462,840)	(981,830)
Payment for plant and equipment		(73,253)	(15,504)
Purchase of other assets		(50,899)	--
<b>Net Cash Flows Used in Investing Activities</b>		<u>(4,586,992)</u>	<u>(997,334)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from issue of shares and options		6,693,044	2,897,100
Costs associated with share and option issues		(458,201)	(185,156)
<b>Net Cash Flows Provided by Financing Activities</b>		<u>6,234,843</u>	<u>2,711,944</u>
Net increase in cash and cash equivalents held		1,599,258	1,552,592
Cash and cash equivalents at the beginning of the financial year		3,182,998	1,630,992
Effect of exchange rate change on cash holdings		(260,104)	(586)
<b>Cash and cash equivalents at the end of the financial year</b>	5	<u><u>4,522,152</u></u>	<u><u>3,182,998</u></u>

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



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

The financial report was authorised for issue by the Board on 29 September 2011.

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 (IFRS).

**(b) Adoption of New and Revised Accounting Standards**

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year.

**(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 2011 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 commencing from the time the asset is held ready for use.

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

Plant and equipment	37.5 – 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 or 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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).



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 currency of the foreign subsidiary is US dollars.

*(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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 issued but not yet effective**

At the date of this financial report the following accounting standards, which may impact the Company in the period of initial application, have been issued but are not yet effective:

<b>Reference</b>	<b>Title</b>	<b>Summary</b>	<b>Application date (financial years beginning)</b>	<b>Expected Impact</b>
AASB 9	<i>Financial Instruments</i>	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	No expected impact
AASB 124	<i>Related Party Disclosures</i>	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only

The Company has decided against early adoption of these accounting standards.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

<b>NOTE 2: REVENUE</b>	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
Interest earned	244,196	108,516
Rent received	6,182	13,768
Recoveries	3,263	--
Settlement proceeds	125,000	--
	378,641	122,284
 <b>NOTE 3: EXPENSES AND LOSSES/(GAINS)</b>		
<b>(a) Expenses</b>		
Borrowing costs – Interest expense	60	--
Depreciation of non-current assets		
- Plant and equipment	8,399	9,680
	8,399	9,680
<b>(b) Net foreign currency losses/(gains)</b>	260,104	586
 <b>(c) Significant Items</b>		
Loss before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance for the year:		
Administration expenses	132,115	90,448
Advertising and promotion benefits expenses	47,550	--
Auditor’s remuneration	53,791	24,893
Company secretarial costs	30,000	30,000
Consulting fees	66,858	88,400
Directors’ benefits expense	--	1,328,250
Exploration expenditure (recouped)/written off	(1,510)	224,253
Insurance	17,637	16,068
Legal costs	15,293	11,438
Rent and outgoings	26,743	43,036
Share registry maintenance fees	39,820	23,969
Travel and accommodation	57,217	21,063
Other expenses	145,251	42,331
	630,765	1,944,149



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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:

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Loss before income tax	(520,687)	(1,832,131)
Income tax calculated at 30%	(156,206)	(549,639)
Non-allowable expenditure	14,413	467,310
Tax asset not recognised	141,793	82,329
<b>Income tax attributable to operating loss</b>	<b>--</b>	<b>--</b>
The directors estimate that the potential deferred tax asset at 30% arising from tax losses not brought to account at reporting date is approximately:	1,205,038	964,398

Deferred income tax assets have not been recognised as it is not probable that future profit will be available against which deductible temporary differences can be utilised.

**NOTE 5: CASH AND CASH EQUIVALENTS**

Cash at bank	322,152	82,998
Term deposits	4,200,000	3,100,000
	<b>4,522,152</b>	<b>3,182,998</b>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade debtors	11,332	8,266
GST and VAT refundable	593,775	62,521
Prepayments	14,100	17,404
Accrued income	863	83,055
Guarantees	27,518	--
	<b>647,588</b>	<b>171,246</b>

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



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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**

**2011**                      **2010**  
**\$**                              **\$**

**NOTE 7: OTHER FINANCIAL ASSETS**

Long term investments	23,381	--
-----------------------	--------	----

**NOTE 8: PLANT AND EQUIPMENT**

Plant and equipment at cost	113,147	36,454
Less: accumulated depreciation	(32,209)	(18,331)

Total plant and equipment	80,938	18,123
---------------------------	--------	--------

Reconciliation of the carrying amount for plant and equipment is set out below:

Carrying amount at beginning of year	18,123	17,650
Additions	71,419	15,504
Disposals	(205)	(5,351)
Depreciation expense	(8,399)	(9,680)

Carrying amount at end of year	80,938	18,123
--------------------------------	--------	--------

**NOTE 9: MINERAL EXPLORATION AND  
EVALUATION EXPENDITURE**

Balance at beginning of year	757,577	--
Exploration expenditure incurred during year	4,519,110	981,830
Expenditure recouped/(written off)	1,510	(224,253)

Balance at end of year	5,278,197	757,577
------------------------	-----------	---------



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**Consolidated**

**2011**                      **2010**  
**\$**                              **\$**

**NOTE 10: TRADE AND OTHER PAYABLES**

Trade creditors and accrued expenses	772,796	266,526
--------------------------------------	---------	---------

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**

114,179,949 Ordinary shares fully paid (2010: 85,247,338)	12,443,002	6,413,453
--	------------	-----------

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

Date	Details	No. of Shares	Issue Price	\$
01/07/2010	Opening balance	85,247,338		6,413,453
12/08/2010	Pursuant to agreement with Orosur Mining Inc.	450,000	\$0.222	99,900
30/12/2010	Pursuant to resolution of members on 23/11/2010	27,500,000	\$0.23	6,325,000
21/02/2011	Conversion of unlisted options	250,000	\$0.40	100,000
21/02/2011	Conversion of unlisted options	500,000	\$0.35	175,000
24/02/2011	Conversion of unlisted options	232,611	\$0.40	93,044
	Less: transaction costs arising on share issues	--		(763,395)
30/06/2011	Closing balance	114,179,949		12,443,002

**(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 2011 and no dividends are expected to be paid in 2012.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.

**Consolidated**

**2011**                      **2010**  
**\$**                                      **\$**

**NOTE 12: RESERVES**

**(a) Composition**

Options reserve	1,976,364	1,623,620
Foreign currency translation reserve	54,436	--
	2,030,800	1,623,620

**(b) Movements in options of the Company during the year was as follows:**

Date	Details	No. of Listed Options	No. of Unlisted Options	Fair Value of Options Issued	Exercise Price	Expiry Date
01/07/2010	Opening balance	--	22,736,923	\$1,623,620		
12/08/2010	Pursuant to a resolution of directors (a)	--	500,000	\$24,300	\$0.35	06/07/2012
12/08/2010	Pursuant to a resolution of directors (b)	--	500,000	\$23,250	\$0.50	06/07/2013
30/12/2010	Pursuant to a resolution of members on 23/11/2010	--	13,750,000	--	\$0.40	31/12/2012
31/12/2010	Unlisted options issued pursuant to a capital raising mandate (c)	--	1,000,000	\$165,086	\$0.30	31/12/2013
31/12/2010	Unlisted options issued pursuant to a capital raising mandate (d)	--	1,000,000	\$140,108	\$0.40	31/12/2013
21/02/2011	Conversion of unlisted options	--	(250,000)	--	\$0.40	31/12/2012
21/02/2011	Conversion of unlisted options	--	(500,000)	--	\$0.35	06/07/2012
24/02/2011	Conversion of unlisted options	--	(232,611)	--	\$0.40	31/12/2012
	Less: transaction costs arising on option issues			--		
30/06/2011	Closing balance	--	38,504,312	\$1,976,364		

- (a) Unlisted options granted to a consultant (500,000 at \$0.0486 per option) valued via the Binomial Option Valuation Method.  
 (b) Unlisted options granted to a consultant (500,000 at \$0.0465 per option) valued via the Binomial Option Valuation Method.  
 (c) Unlisted options granted for share placement fees (1,000,000 at \$0.1651) valued via the Black Scholes Valuation Method.  
 (d) Unlisted options granted for share placement fees (1,000,000 at \$0.1401) valued via the Black Scholes Valuation Method.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

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	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 13: NOTES TO THE STATEMENT OF CASH FLOWS</b>		
<b>(a) Reconciliation of net cash and cash equivalents used in operating activities loss for the year:</b>		
Loss for the year	(520,687)	(1,832,131)
Depreciation	8,399	9,680
Equity settled share based payments	47,550	1,328,250
Exploration expenditure (recouped)/written off	(1,510)	224,253
Loss on disposal of plant and equipment	205	5,351
Foreign exchange movements	260,104	586
Movements in assets and liabilities:		
Receivables	(448,824)	(138,485)
Payables	606,170	240,478
Net cash used in operating activities	(48,593)	(162,018)
<b>(b) Non-cash financing and investing activities</b>		
The Company issued 450,000 shares with a fair value \$99,900 pursuant to the agreement with Orosur Mining Inc. The Company also granted 1,000,000 unlisted options with a fair value of \$47,550 for consultancy fees and 2,000,000 unlisted options with a fair value of \$305,194 for share placement fees.		
<b>NOTE 14: REMUNERATION OF AUDITORS</b>		
Amounts paid or due and payable to the auditors for:		
<b>Audit and review services</b>		
- RSM Bird Cameron Partners	26,000	21,000
<b>Other services</b>		
- RSM Bird Cameron Partners (tax compliance services)	27,791	3,893
	53,791	24,893



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**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) (appointed: 26 August 2010)  
R T Adams (Executive)  
J Palermo (Executive)  
S J Hall (Non-Executive)  
D Bruno (Non-Executive) (appointed: 19 January 2011)

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:

	<b>30 June 2011</b>	<b>30 June 2010</b>
	<b>\$</b>	<b>\$</b>
Short term employee benefits	685,340	688,553
Post employment benefits	15,896	--
Share based payments	--	1,328,250
Other benefits	84,596	--
	<u>785,832</u>	<u>2,016,803</u>

**Share Holdings**

<b>Director</b>	<b>Balance 1 July 2010 (No. of Shares)</b>	<b>Received Remuneration (No. of Shares)</b>	<b>No. of Options Exercised</b>	<b>Net Other Change (No. of Shares)</b>	<b>Balance 30 June 2011 (No. of Shares)</b>
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
<b>Total</b>	<u>6,423,889</u>	<u>--</u>	<u>--</u>	<u>215,000</u>	<u>6,638,889</u>



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**NOTE 15: KEY MANAGEMENT PERSONNEL (continued)**

**Share Holdings (continued)**

	Balance 1 July 2009 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options Exercised	Net Other Change (No. of Shares)	Balance 30 June 2010 (No. of Shares)
<b>Director</b>					
L Dean	--	--	--	--	--
R T Adams	1,138,889	--	670,000	200,000	2,008,889
J Palermo	3,745,000	--	670,000	--	4,415,000
S J Hall	--	--	--	--	--
<b>Total</b>	4,883,889	--	1,340,000	200,000	6,423,889

**Options Holdings**

	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)
<b>Director</b>							
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
<b>Total</b>	12,160,000	--	--	107,500	12,267,500	12,267,500	12,267,500

	Balance 01/07/2009 (No. of Options)	Granted as Remuneration (No. of Options)	No. of Options Exercised	Net Change Other (No. of Options)	Balance 30/06/2010 (No. of Options)	Total Vested 30/06/2010 (No. of Options)	Total Exercisable (No. of Options)
<b>Director</b>							
L Dean	--	--	--	--	--	--	--
R T Adams	2,000,000	4,500,000	(670,000)	--	5,830,000	5,830,000	5,830,000
J Palermo	2,500,000	4,500,000	(670,000)	--	6,330,000	6,330,000	6,330,000
S J Hall	--	--	--	--	--	--	--
<b>Total</b>	4,500,000	9,000,000	(1,340,000)	--	12,160,000	12,160,000	12,160,000



**GLADIATOR RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 15: KEY MANAGEMENT PERSONNEL** *(continued)*

**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:

	<b>2011</b>	<b>2010</b>
	\$	\$
Consultancy expenses reimbursed – RT Adams	--	10,000
Consulting (secretarial, administrative) and rental – J Palermo	52,753	74,734
	52,753	74,734

There were no other related party transactions for 30 June 2011 and 30 June 2010.

**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		Book Value of Shares held by Parent Entity	
		2011	2010	2011	2010
		%	%	\$	\$
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%	1	1
				201	201

**NOTE 17: LOSS PER SHARE**

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Loss for the year	(520,687)	(1,832,131)
Loss used in calculating basic and diluted loss per share	(520,687)	(1,832,131)
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of ordinary shares used in calculating basic and diluted loss per share:	99,702,020	76,154,095



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 2012 amounts of \$1,010,000 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:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	1,010,000	1,167,800
Later than one year but not later than 2 years	1,010,000	1,167,800
Later than 2 years but not later than 5 years	3,030,000	3,503,400
	<u>5,050,000</u>	<u>5,839,000</u>

**(b) Share Issue**

Commitments in relation to Joint Venture with Orosur Mining Inc as follows:

	<b>2011</b>	<b>2010</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	--	450,000

**(c) Biomass Pyrolysis Technology Licensing Agreement**

Commitments required under the Licensing agreement as follows:

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	--	116,780

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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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	
	2011	2010	2011	2010	2011	2010
<b>Geographical Segments</b>	\$	\$	\$	\$	\$	\$
<b>Revenue</b>						
Settlement proceeds	125,000	--	--	--	125,000	--
Other revenues from customers	252,440	122,284	1,201	--	253,641	122,284
Total segment revenue	377,440	122,284	1,201	--	378,641	122,284
<b>Assets</b>						
Segment assets	5,073,734	3,645,309	5,478,522	484,635	10,552,256	4,129,944
<b>Major Customers</b>	--	--	--	--	--	--



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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 \$	
	2011	2010	2011	2010	2011	2010	2011	2010
Financial Assets								
- Cash and cash equivalents	322,152	82,998	5.82	6.42	4,200,000	3,100,000	4,522,152	3,182,998
- Trade and other receivables	647,588	171,246		--	--	--	647,588	171,246
Total Financial Assets	969,740	254,244			4,200,000	3,100,000	5,169,740	3,354,244
Financial Liabilities								
- Trade and other payables	772,796	266,526	--	--	--	--	772,796	266,526
Total Financial Liabilities	772,796	266,526			--	--	772,796	266,526
Net Financial Assets/(Liabilities)	196,944	(12,282)			4,200,000	3,100,000	4,396,944	3,087,718



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

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

**Interest Rate Sensitivity**

At 30 June 2011, 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 \$24,420 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 2011 from around 5.82% to 6.40% (10% decrease: 5.24%) representing a 58 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.

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	\$	\$
Contracted maturities of payable at 30 June		
Payable		
- less than 6 months	772,796	266,526

**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 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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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:

	<b>2011</b>	<b>2010</b>
	<b>Change in equity with a +/-</b>	<b>Change in equity with a +/-</b>
	<b>10% in exchange rates</b>	<b>10% in exchange rates</b>
	<b>\$</b>	<b>\$</b>
Total Assets	304,584	44,058
Total Liabilities	331,910	45,932

**Reconciliation of Net Financial Assets to Net Assets**

	<b>Consolidated</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Net financial assets	4,396,944	3,087,718
Property, plant and equipment	80,938	18,123
Mineral exploration and evaluation expenditure	5,278,197	757,577
Long term investments	23,381	--
Net assets	9,779,460	3,863,418

**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**

Subsequent to the end of the financial year ended 30 June 2011, the following event had occurred:

- On 30 August 2011, the Company announced it had earned a further 31% interest in the Isla Cristalina Joint Venture project in Uruguay from Orosur Mining Inc. taking its interest in the project to 51%.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 23: SHARE BASED PAYMENTS**

*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 and 30 June 2010 included:

- (a) options are granted for no consideration (2010: Nil)
- (b) exercise prices: \$0.35 & \$0.50 and \$0.30 & \$0.40 (2010: \$0.35, \$0.50 & \$0.70)
- (c) grant date: 12 August 2010 and 31 December 2010 (2010: 15 June 2010)
- (d) expiry dates: 6 July 2012 & 6 July 2013 and 31 December 2013 (2010: 6 July 2012 & 6 July 2013)
- (e) share price at grant date: \$0.20 and \$0.32 (2010: \$0.30)
- (f) expected price volatility of the Company's shares: 70% (2010: 70%)
- (g) risk-free interest rate: 5.25% and 5.23% (2010: 5.25%)

The share-based payment expense for the 2011 year recognised in the statement of comprehensive income was \$47,550 (2010: \$1,328,250). The share-based payments made during the 2011 year which were treated as share issue costs were \$305,194 (2010: Nil). The total share-based payments made during the 2011 year were \$352,744 (2010: \$1,328,250).

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

	<b>Weighted average exercise price 2011</b>	<b>Number of Options 2011</b>	<b>Weighted average exercise price 2010</b>	<b>Number of Options 2010</b>
Outstanding at 1 July	\$0.216	22,736,923	\$0.065	11,500,000
Expired during the year	--	--	--	--
Forfeited during the year	--	--	--	--
Exercised during the year	\$0.375	(982,611)	\$0.065	(2,263,077)
Issued during the year	\$0.40	13,750,000	--	--
Granted during the year	\$0.3875	3,000,000	\$0.517	13,500,000
Outstanding at 30 June	\$0.388	38,504,312	\$0.216	22,736,923
Vested and exercisable at 30 June	\$0.388	38,504,312	\$0.216	22,736,923

The options outstanding at 30 June 2011 have an exercise price in the range of \$0.065 to \$0.70 and a weighted average remaining contractual life of 2 years.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**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.



**GLADIATOR RESOURCES LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**NOTE 25: PARENT ENTITY DISCLOSURES**

<b>(a) Financial Position</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	4,426,325	3,152,940
Trade and other receivables	167,193	167,280
<b>Total Current Assets</b>	<u>4,593,518</u>	<u>3,320,220</u>
<b>Non Current Assets</b>		
Plant and equipment	8,435	14,342
Other financial assets	5,332,820	505,447
Mineral exploration and evaluation expenditure	467,385	302,308
<b>Total Non Current Assets</b>	<u>5,808,640</u>	<u>822,097</u>
<b>Total Assets</b>	<u>10,402,158</u>	<u>4,142,317</u>
<b>Current Liabilities</b>		
Trade and other payables	322,054	264,819
Other financial liabilities	--	100
<b>Total Current Liabilities</b>	<u>322,054</u>	<u>264,919</u>
<b>Total Liabilities</b>	<u>322,054</u>	<u>264,919</u>
<b>Net Assets</b>	<u>10,080,104</u>	<u>3,877,398</u>
<b>Equity</b>		
Issued capital	12,443,002	6,413,453
Reserves	1,976,364	1,623,620
Accumulated losses	(4,339,262)	(4,159,675)
<b>Total Equity</b>	<u>10,080,104</u>	<u>3,877,398</u>
<b>(b) Financial Performance</b>	<b>2011</b>	<b>2010</b>
		<b>\$</b>
Loss for the year	(179,587)	(1,806,089)
Other comprehensive income	--	--
<b>Total Comprehensive Loss</b>	<u>(179,587)</u>	<u>(1,806,089)</u>

**(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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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 2011 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 2011.

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

Dated this 29<sup>th</sup> day of September, 2011

**JOHN PALERMO**  
**Director**

**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 2011, and 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.

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*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 2011 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 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS  
Chartered Accountants



TUTU PHONG  
Partner

Perth, WA  
Dated: 29 September 2011

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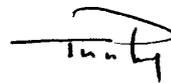
### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Gladiator Resources Limited for the year ended 30 June 2011, 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  
Chartered Accountants



TUTU PHONG  
Partner

Perth, WA  
Dated: 29 September 2011



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**ASX ADDITIONAL INFORMATION**

**1. QUOTED SECURITIES**

**(a) ORDINARY FULLY PAID SHARES**

**(i) DISTRIBUTION OF SHAREHOLDERS AS AT 13 SEPTEMBER 2011:**

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	12	2,298	0.00
1,001 - 5,000	58	190,623	0.17
5,001 - 10,000	127	1,182,904	1.03
10,001 - 100,000	229	9,897,190	8.67
100,001+	105	102,906,934	90.13
	531	114,179,949	100.00

The number of shareholdings held in less than marketable parcels is 30.

**(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. Wealthystar Group Ltd	8,700,000	7.62
2. JP Morgan Nom Aust Ltd <Cash Income A/C>	5,194,939	4.55
3. Surfboard Pty Ltd <ARW S/F No 1 A/C>	4,998,708	4.38
4. JP Morgan Nom Aust Ltd	4,623,260	4.05
5. HSBC Custody Nom Aust Ltd	4,538,630	3.97
6. Cassim Salim	4,535,000	3.97
7. Red Oaks Pty Ltd	3,000,000	2.63
8. Nefco Nom Pty Ltd	2,973,853	2.60
9. National Nom Ltd	2,962,700	2.59
10. Dirki Pty Ltd	2,900,000	2.54
11. Dolphin Technology Pty Ltd <Dolphin A/C>	2,645,000	2.32
12. ABN Amro Clearing Sydney <Cust A/C>	2,466,010	2.16
13. Veltex Pty Ltd <Hills S/F A/C>	2,326,957	2.04
14. Cogent Nom Pty Ltd	2,265,341	1.98
15. M & M Fam Pty Ltd	2,100,000	1.84
16. Ramsa Pty Ltd <Bailey S/F A/C>	2,034,067	1.78
17. Monarch Corp Pty Ltd <Monarch A/C>	1,964,900	1.72
18. Primelane Pty Ltd <Lane A/C>	1,870,000	1.64
19. Merrill Lynch Aust Nom Pty Ltd	1,753,607	1.54
20. Legendary Pty Ltd <Teem S/F A/C>	1,750,000	1.53
	65,602,972	57.45



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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 13 September 2011:

Name	Ordinary Shares	
	No.	%
Wealthystar Group Ltd	8,700,000	7.62

**2. UNQUOTED SECURITIES**

**(a) OPTIONS**

As at 13 September 2011 there existed the following unquoted options:

**(i) 9,236,923 OPTIONS EXERCISABLE AT \$0.065 EACH ON OR BEFORE 31 DECEMBER 2011**

Name	Options	%
Keypalm Pty Ltd	4,076,923	44.14
Dolphin Technology Pty Ltd	1,830,000	19.81
Tim Adams & Associates Pty Ltd	1,330,000	14.40
Azure Capital Investments Pty Ltd	2,000,000	21.65
	<u>9,236,923</u>	<u>100.00</u>

**(ii) 1,500,000 OPTIONS EXERCISABLE AT \$0.35 EACH ON OR BEFORE 6 JULY 2012**

Name	Options	%
Wedlock Nominees Pty Ltd	500,000	33.34
Dolphin Technology Pty Ltd	500,000	33.33
Mr R T Adams	500,000	33.33
	<u>1,500,000</u>	<u>100.00</u>



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**ASX ADDITIONAL INFORMATION *(continued)***

**2. UNQUOTED SECURITIES *(continued)***

**(iii) 13,267,389 OPTIONS EXERCISABLE AT \$0.40 EACH ON OR BEFORE 31 DECEMBER 2012**

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

<b>Name</b>	<b>Options</b>	<b>%</b>
1. Wealthystar Group Ltd	4,350,000	32.79
2. Forbes & Manhattan Inc	1,003,500	7.56
3. JP Morgan Nominees Australia Ltd	500,000	3.77
4. Arredo Pty Ltd	500,000	3.77
5. Merrill Lynch (Australia) Nominees Pty Ltd	455,000	3.43
6. Prime Corporate Management Pty Ltd	435,000	3.28
7. Klip Pty Ltd	380,435	2.87
8. Gundyco	325,000	2.45
9. G3 Capital Partners Fund	325,000	2.45
10. Celtic Capital Pty Ltd	271,805	2.05
11. GR & M Barratt	217,500	1.64
12. Surfboard Pty Ltd	217,500	1.64
13. Interstate Investments Pty Ltd	217,500	1.64
14. Salim Cassim	217,500	1.64
15. Zero Nominees Pty Ltd	217,500	1.64
16. Prospect Custodian Ltd	200,000	1.51
17. Aziz Hussain	200,000	1.51
18. Cunningham Peterson Sharbanee Securities Pty Ltd	130,393	0.98
19. Chellit Pty Ltd	125,060	0.94
20. ACP Investments Pty Ltd	109,000	0.82
	<hr/>	
	10,397,693	78.38
	<hr/>	

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

<b>Name</b>	<b>Options</b>	<b>%</b>
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
	<hr/>	
	6,500,000	100.00
	<hr/>	



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**ASX ADDITIONAL INFORMATION *(continued)***

**2. UNQUOTED SECURITIES *(continued)***

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

<b>Name</b>	<b>Options</b>	<b>%</b>
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
	<hr/>	
	6,000,000	100.00

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

<b>Name</b>	<b>Options</b>	<b>%</b>
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**

<b>Name</b>	<b>Options</b>	<b>%</b>
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 2011 are detailed in the Directors' Report.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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 <sup>1</sup>	If not, why not <sup>2</sup>		ASX P & R <sup>1</sup>	If not, why not <sup>2</sup>
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		✓			

<sup>1</sup> Indicates where the Company has followed the Principles & Recommendations and summarised those practices below.

<sup>2</sup> 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:



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**CORPORATE GOVERNANCE STATEMENT *(continued)***

<b>Recommendation</b>	<b>Explanation of Departure from Recommendation</b>
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;



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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:

<b>Name</b>	<b>Position</b>	<b>Independent</b>	<b>Expertise</b>
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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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.



**GLADIATOR RESOURCES LIMITED**  
**AND ITS CONTROLLED ENTITIES**

**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.