GLADIATOR RESOURCES LIMITED

(ABN 58 101 026 859)

2013 ANNUAL REPORT

GLADIATOR RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

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DIRECTOR'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 2013.

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

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

The combination of high grade concentrate, charcoal technology and availability of timber will generate low cost pig iron production. Given the global demand for virgin iron, the financial feasibility of the Project was as expected. Due to changes on the board of directors and the uncertainties of the market Gladiator has put under review and consideration all the information on the Project. Over the next year the scope of a DFS would be defined as well as future work regarding mineral exploration.

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

Highlights during the year were:

- Pre-Feasibility Study completed and indicates technical and financial viability of developing the Zapucay Project in Uruguay to produce Merchant Pig Iron and Iron Ore Pellets for export;
- SRK Consulting (UK) Limited (SRK) completed an update of the Mineral Resource Estimate at the Zapucay Project. The JORC compliant Indicated and Inferred Mineral Resources of 69.4 million tonnes at an average grade of 26.5% Fe is based on 26,147m of drilling;
- The PFS has demonstrated the robust economics of the Project based on the annual production of 420,000 tonnes of MPI and 570,000 tonnes of iron ore pellets over a period of at least 19 years. Financial analysis indicates a favourable internal rate of return of 20% before tax;
- Review of the pre-feasibility study was undertaken with the aim of identifying areas where significant cost savings could be made and areas where additional information is required in order to assist in defining a feasibility study;
- Accepted an offer from Octagonal Resources (WA) Pty Ltd, a wholly owned subsidiary of Octagonal Resources Limited purchased Gladiator's 30% interest in its Hogan's Project tenements - exploration licenses. Gladiator received 1,500,000 fully paid shares in Octagonal Resources Limited;
- Exploration focused on areas of potential ultramafic lithologies and potential IOCG targets has identified several targets for further work.

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

I wish to acknowledge my fellow Directors for their support as we move forward with the Zapucay.

Dated this 30th day of September, 2013

OSCAR LEON
Director

REVIEW OF OPERATIONS

OVERVIEW

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

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

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

During the year, Gladiator's main activities were focused on completing the various studies for the preliminary feasibility study on the development of the Zapucay Project Pig Iron Project. At the beginning of the financial year feasibility study was completed and indicates technical and financial viability of developing the Zapucay Project in Uruguay to produce Merchant Pig Iron and Iron Ore Pellets for export.

The announced JORC compliant Indicated and Inferred Mineral Resources of 69.4 million tonnes at an average grade of 26.5% Fe can support the projected annual production of 420,000 tonnes of MPI and 570,000 tonnes of iron ore pellets over a period of at least 19 years. The high quality of the MPI and pellets should ensure ready acceptance in the world market.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

REVIEW OF OPERATIONS *(continued)*

The PFS delineates a flexible scale of development, with the potential to be scaled up or down without losing its competitive cost position. Financial analysis indicates a favourable internal rate of return of 20% before tax.

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

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

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

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

The Company lodged its Project Communication Document with the Uruguayan Department for the Environment during March 2012. This document summarises the proposed development at Zapucay and also presents the baseline environmental data for the project area. Lodgement of the document represents the first stage of the environmental approvals process. At the end of September 2012 the Uruguayan Department for the Environment advised Gladiator that they accepted the Project submission and invited the Company to proceed with the final Project submission.

Octagonal Resources (WA) Limited continued an active exploration programme over the Hogan's Joint Venture tenements, which concluded in an offer to purchase Gladiator's 30% interest in its Hogan's Project. Tenements - exploration licences E26/108, E15/774, E15/ 803 and E15/1044 located approximately 25km east of Kambalda in Western Australia were included in the agreement on which Gladiator received 1,500,000 fully paid shares in Octagonal Resources Limited.

ZAPUCAY PIG IRON PROJECT

Project Summary, Concept and Status

Gladiator's principal activities during the year were the completion of various studies required to finish the preliminary feasibility study on the development of the Zapucay Project Pig Iron Project in northern Uruguay. As at the begining of the financial year, these studies were finished and the PFS results were released. From then on the different studies were revised to define scope for feasibility study and improve project economics.

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

REVIEW OF OPERATIONS *(continued)*

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

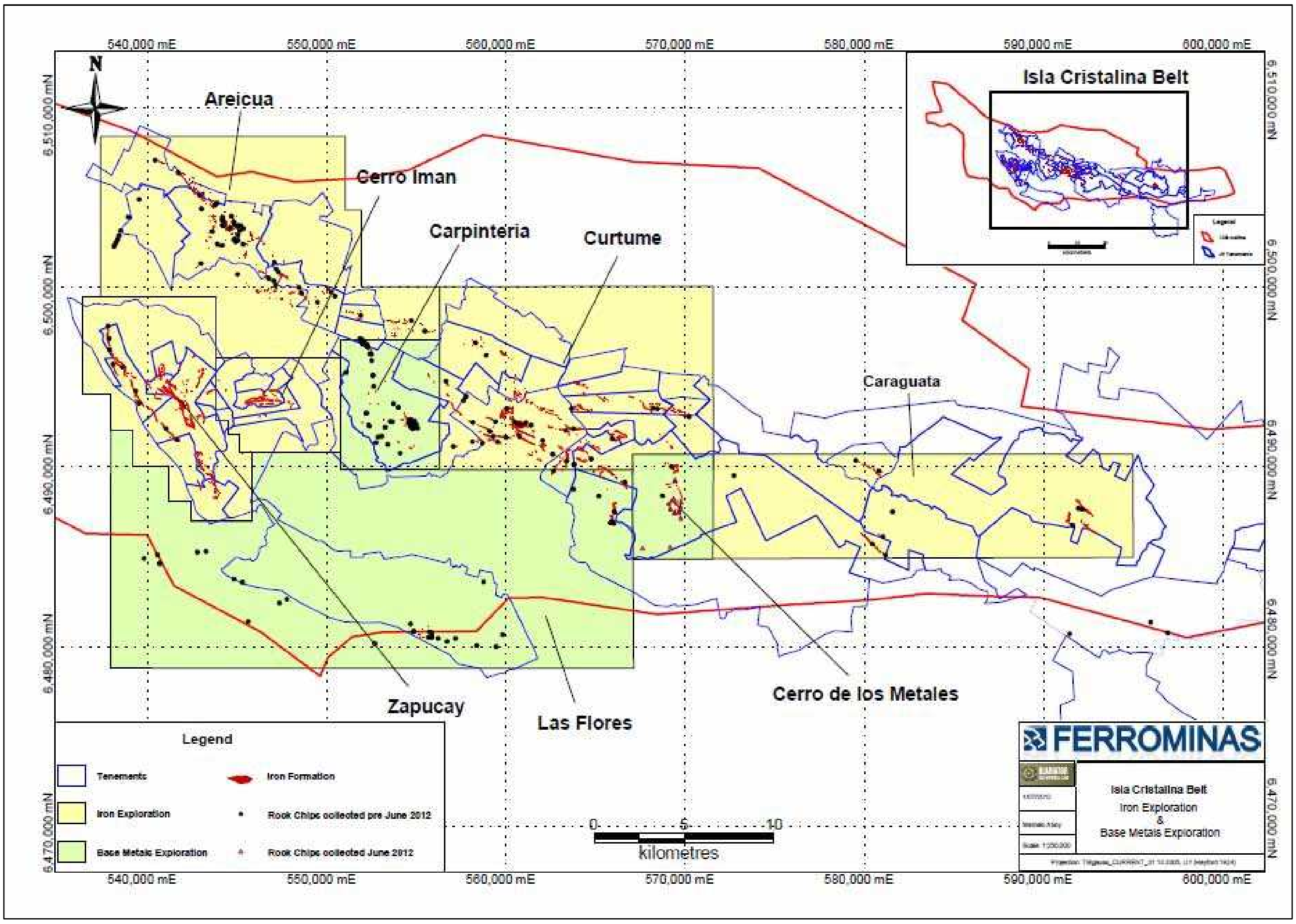


Figure 2: Location of Joint Venture Tenements and Iron & Base Metal Projects

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

REVIEW OF OPERATIONS *(continued)*

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

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

Based on the above concept a PFS study was delineated and undertaken during 2011 through September 2012. Several qualified consultants were appointed to assist on the several aspects covered on the study. Results from the PFS indicate technical and financial viability for the Zapucay Project.

Work Undertaken During the Year

Completion of the PFS study based on the development concept proposed with results that indicate the technical and financial viability of the project. Based on a JORC compliant Indicated and Inferred Mineral Resource of 69.4 million tonnes at an average grade 26.5% Fe prepared by SRK Consulting (UK) Limited, the company delineated a possible annual production of 420,000 tonnes of MPI and 570,000 tonnes of pellets over a period of at least 19 years. Metallurgical testwork has shown that a low sulphur Merchant Pig Iron can be produced and as well as the surplus pellets that can both be accepted in the world market.

The Company has commissioned a marketing study to determine the future demand for merchant pig iron and to compare the expected quality of pig iron from the Zapucay Project with that traded on the world market. Initial conclusions are that the material produced from the Zapucay Project should be well accepted in the market and have a competitive advantage over many of the existing producers.

The project has proven to be flexible with the potential to be scaled up or down without losing its competitive position due to external constraints. Logistics are based on existing infrastructure and discussions were held with the Uruguayan port and rail authorities regarding their proposed new port, which has the potential to reduce project transportation costs.

Work continued revising various studies of the preliminary feasibility study including mine planning, engineering design and estimates for capital and operating costs for the mine, concentrator, pellet plant, charcoal plant, mini blast furnace and mine infrastructure to improve project economics.

The Project Communication Document (PCD) a comprehensive environmental document that includes base line studies was lodged with the Uruguayan Department of the Environment during the year, which initiated the environmental approvals process for the project. The PCD was accepted by the government agency which allows the company to proceed with the final Project submission once defined.

The company appointed South American Management SA (SAMSA) to update the mineral resources for the Project and design a drilling program to upgrade confidence level in Zapucay mineral resources as required for feasibility study. SAMSA proposed a program of 29 holes (~600m) which is currently under review.

Preliminary Feasibility Study

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

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

The development concept for the Project involves:

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

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

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

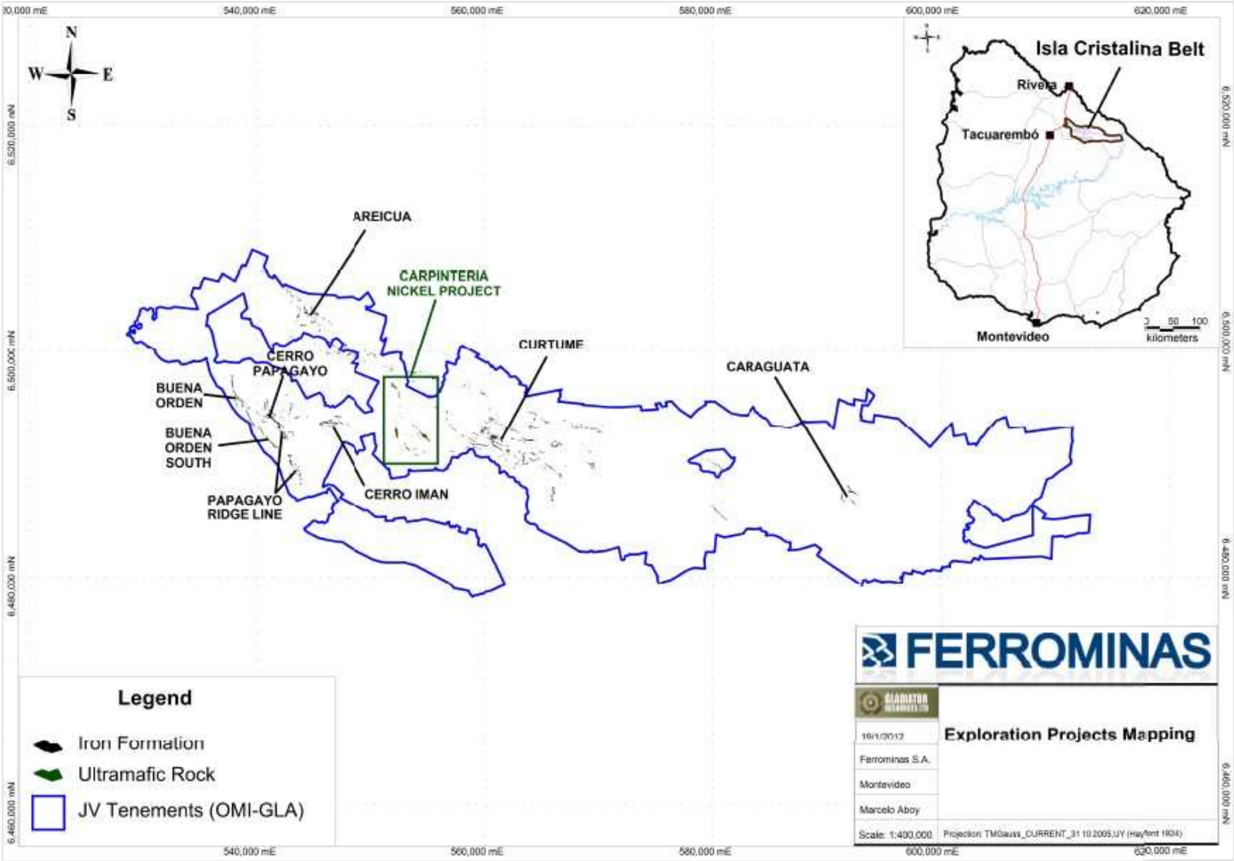


Figure 3: Location of Joint Venture Tenements, Ironstone and Main Projects

REVIEW OF OPERATIONS *(continued)*

The work for the preliminary feasibility study has now been completed, however optimum production levels have not yet been determined and consequently capital and operating costs among other studies need to revised in order to define the scope for feasibility study. The revision of these studies is underway and aims to improve project economics. The main aspects of the PFS study are summarised in the following sections.

Resource Estimate

SRK Consulting (UK) Limited (SRK) completed the Mineral Resource Estimate at the Zapucay Project. The JORC compliant Indicated and Inferred Mineral Resource of 69.4 million tonnes at an average grade of 26.5% Fe is based on 26,147m of drilling completed during the period August 2010 to December 2011. The drill programme included 55 holes (3,634m) at Iman and 240 holes (22,513m) at the Buena Orden and Papagayo ridges (Table 1). Figure 4 shows the distribution of magnetite mineralisation, and the area of drilling and geological modelling superimposed on an aeromagnetic image.

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

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

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

Deposit	RC Holes	RC (m)	DD Holes	DD (m)
Cerro Iman	37	2,935	18	699
Cerro Papagayo	60	5,633	21	1,613
Papagayo North	13	824	0	0
Cerro Bonito	37	4,177	17	1,904
Bonito South	30	2,780	5	395
Canada Bonito/South	18	1,485	7	520
Buena Orden	5	348	2	104
Buena Orden South	18	1,774	10	959
Sterilisation holes	18	1,114	0	0
Total	**236**	**21,070**	**80**	**6,194**

Based on the drill results, SRK plotted a series of cross sections at an approximate spacing of 100m to create geological models for Papagayo-Buena Orden and Iman (Figure 5). SRK defined a block model for each of these mineralized areas, with a block size of 50m x 50m x 10m and the resource and grade were estimated using Ordinary Kriging for all variables. No grade capping was applied during the grade estimation process. Average rock densities of 3.28t/m3 and 3.24t/m3 were derived for Iman and Papagayo-Buena Orden respectively based on 2,256 drill core density measurements.

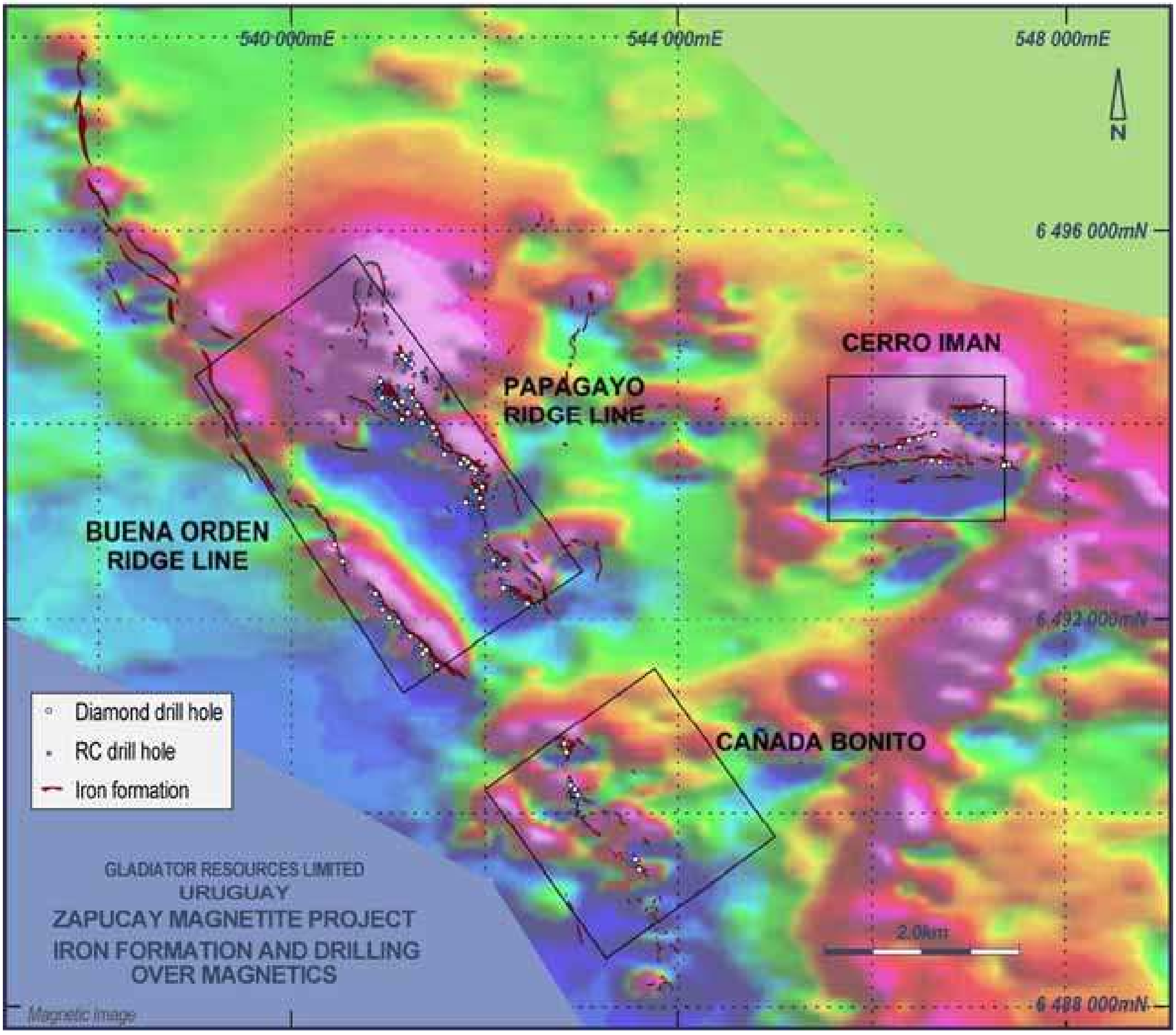


Figure 4: Zapucay Project - Location of Mineral Deposits, Drilling & Magnetic Image

REVIEW OF OPERATIONS *(continued)*

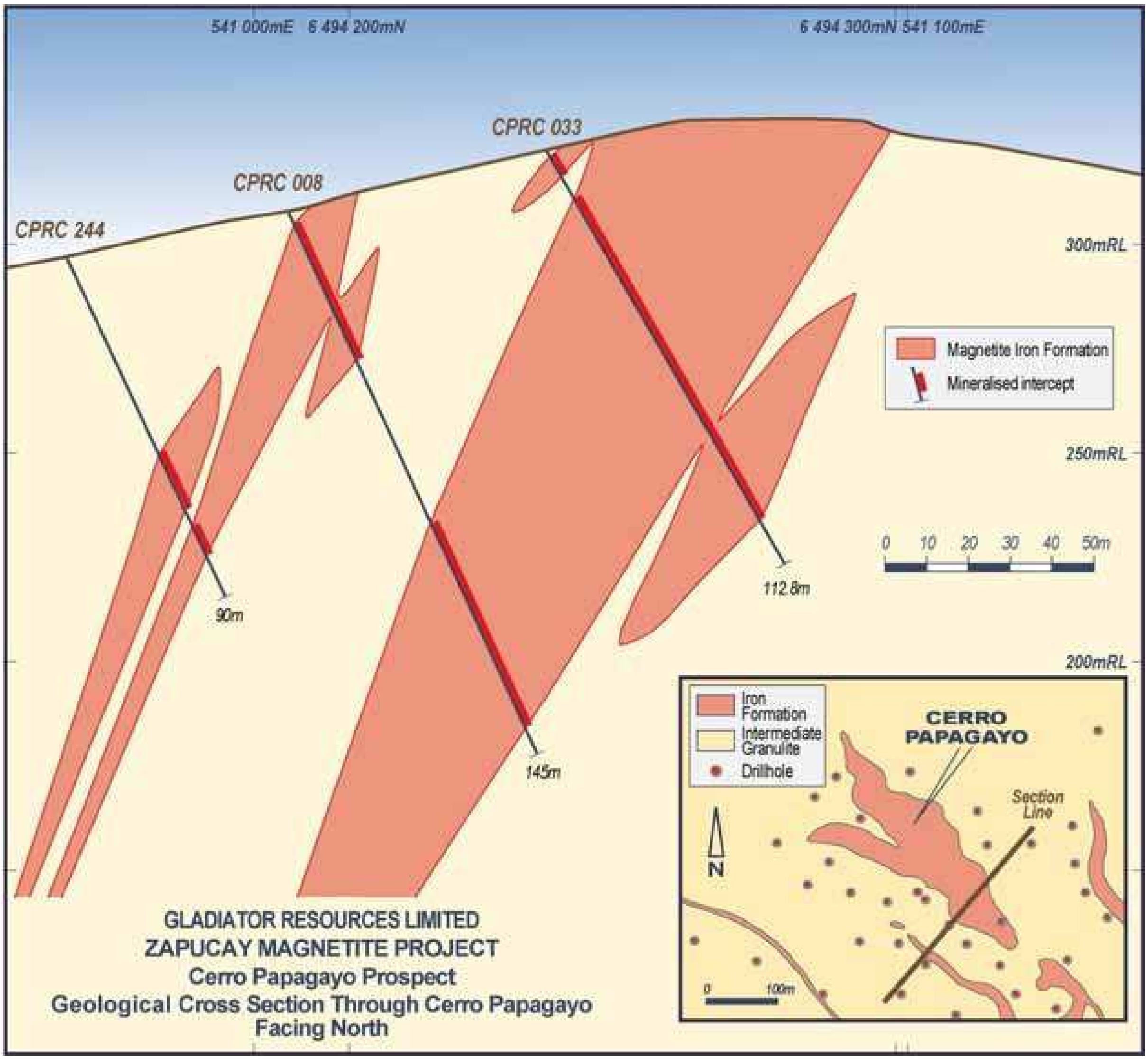


Figure 5: Geological Cross Section – Cerro Papagayo

REVIEW OF OPERATIONS *(continued)*

The SRK JORC compliant Mineral Resource statement is summarised in Table 2. A lower cut-off of 15% Fe was applied, however the mineralised boundaries are very sharp. In addition, the Mineral Resource Statement is reported inside an optimised pit shell, based on anticipated mining costs and recoveries generated by Gladiator. The optimised pit shell contains a total Indicated and Inferred Mineral Resource of 69.4 million tonnes grading 26.5% Fe of which 5.4 million tonnes grading 25.8% Fe at Cerro Papagayo are classified as Indicated Mineral Resources, with the remainder being classified as Inferred Mineral Resources.

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

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

Resource Quality

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

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

Deposit	Tonnes	Assays % (Estimated from DTr composites)				
	Million	Fe	SiO_2	$A1_2O_3$	Mn	P
Cerro Iman	5.8	63.8	3.9	0.4	2.3	0.01
Cerra Papagayo	15.2	62.9	4.8	0.6	1.6	0.01
Buena Orden	1.6	60.2	7.4	0.9	1.9	0.01
Total	**22.6**	**62.9**	**4**.8	**0.6**	**1.8**	**0.01**

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

Mine Planning

It is proposed to mine the deposits by conventional open pit mining methods using hydraulic excavators and off road haul trucks. The preliminary mine plans envisage the Papagayo mineralisation being mined in five separate pits located in a NW-SE direction with an overall length of 3.1kms, the Buena Orden ridge mineralisation being mined in four separate pits trending in a NW-SE direction with an overall length of 3.5kms and the Iman mineralisation in five pits developed in a W-E direction over a length of 2kms. Figure 6.

The parameters considered in the PFS studies for the open pits are:

- Bench height: ore 5m, waste 10m and final bench of 30m;
- Bench Angle: slope of bench 65° and an overall slope angel 45°;
- Width of ramp 16 meters
- Average ramp gradients of 10%.

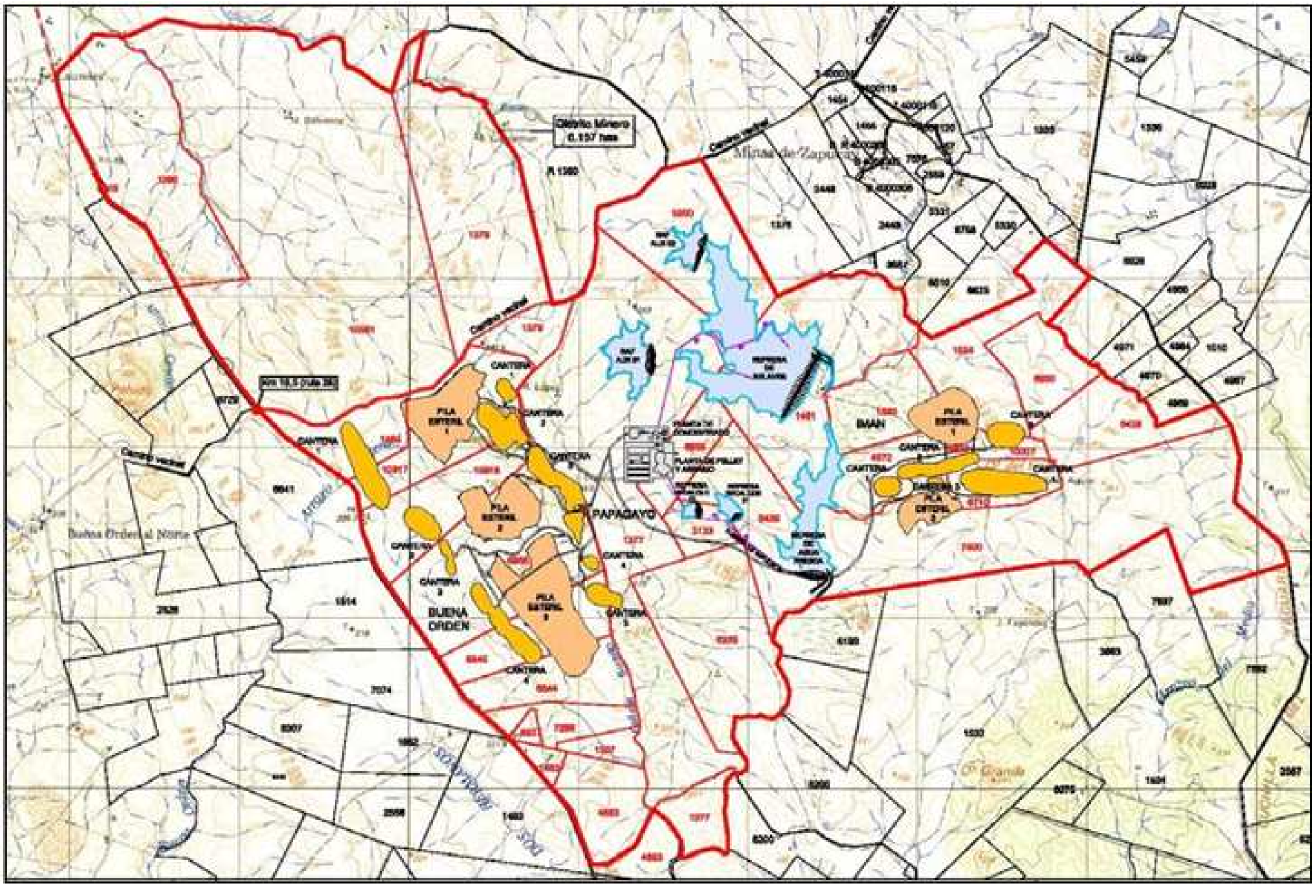


Figure 6: Preliminary site Layout Plan

Concentration

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

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

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

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

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

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

- Both Papagayo and Iman low Mn ores gave very high quality concentrates > 69% Fe and between 1.0 to 1.44% Mn;
- The high Mn ores give concentrates with a lower Fe grade between 66.6 to 67% Fe but with an increased Mn level of 3 to 4.3% Mn;
- The majority of Mn reports to the LIMS non-magnetic product;
- Weight recoveries to LIMS concentrate ranges from 32.3% to 41.3%;
- All ores produce LIMS concentrates with very low phosphorous levels which will in turn produce a Merchant Pig Iron with very low levels of phosphorous;
- Similarly, all LIMS concentrates are very low in sulphur;
- Silica levels vary between 0.9 to 1.6 % and alumina values are less than 0.3%.

REVIEW OF OPERATIONS *(continued)*

Table 4
Zapucay Project
Forecast concentrator quality

	Ore Type Concentrate grade %			
Constituent	**Papagayo Low Mn**	**Papagayo High Mn**	**Iman Low Mn**	**Iman High Mn**
Fe	69.24	66.66	69.88	67.20
SiO_2	1.22	1.15	0.85	1.57
$A1_2O_3$	0.13	0.19	0.25	0.29
MnO	1.93	5.11	1.28	3.96
S	0.002	<0.001	0.009	0.001
P	0.002	0.002	0.003	0.001

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

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

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

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

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

	Grade %			
	Fully Fluxed Pellets		**Acid Pellets**	
Constituent	**Average Low Mn**	**Average High Mn**	**Average Low Mn**	**Average High Mn**
Fe	65.77	63.38	66.72	64.46
SiO_2	1.49	1.77	1.56	1.85
$A1_2O_3$	0.30	0.31	0.32	0.34
Mn	1.15	3.16	1.17	3.21
P	0.003	0.002	0.003	0.002
S	0.005	0.003	0.005	0.005

Mini Blast Furnace

MiniTec have provided a design and costing for a mini blast furnace suitable for processing iron ore pellets produced from the Zapucay magnetite ores. Fully fluxed pellets will be converted to MPI in mini blast furnaces designed to use charcoal as the reductant. The development envisages the construction of probably two furnaces each with a production capacity of approximately 200,000 tonnes of pig iron per year (Table 6). Charcoal based mini blast furnaces of this size are common in Brazil. The furnaces will have the ability to generate a high temperature blast and also fuel an electricity cogeneration plant, which will provide over one third of the electricity demand of the project.

Table 6
Zapucay Project
Proposed MBF Productivity

Factor	Units	Value
Productivity	t/m3/day	2.4
Working Volume	m3	250
Operating Days	days/year	350
Total Production	**t/year**	**210**

Basic pig iron is used predominantly in electric arc furnaces and this quality of pig iron is the most widely traded in the world market. Indicative specifications of basic pig iron and pig iron from the low and high manganese mineralisation are shown in Table 7. The low manganese material produces a product very similar to basic pig iron but with extremely low phosphorus and sulphur. The manganese level can be controlled by grade control and the typical pig iron product from the project is likely to be a basic pig iron with very low levels of phosphorus and sulphur. Of particular interest is the potential to obtain low Mn ores from Curtume or Areicua. This can be used to blend with the higher Mn ores from the Zapucay Project to allow the production of a variety of low phosphorous, low sulphur pig iron products with varying Mn contents.

Figure 7: Mini Blast Furnace, Brazil

Table 7
Zapucay Project
Indicative Pig Iron Chemistry

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

REVIEW OF OPERATIONS *(continued)*

Charcoal Production

Charcoal production will be undertaken in dedicated facilities using the DPC pyrolysis technology (Figure 8). Gladiator has the exclusive worldwide license for the use of this technology outside of Brazil. Unlike traditional charcoal making methods, the DPC process is much more energy efficient, which translates to a significant increase in yield. The DPC process has very low emissions of pyroligneous gases and liquors and is therefore environmentally acceptable compared to traditional charcoal making processes. The majority of charcoal produced will be consumed in lump form in the mini blast furnace with charcoal fines being used in the pellet plant. This ensures that all charcoal produced, lump and fines will be consumed by the project.

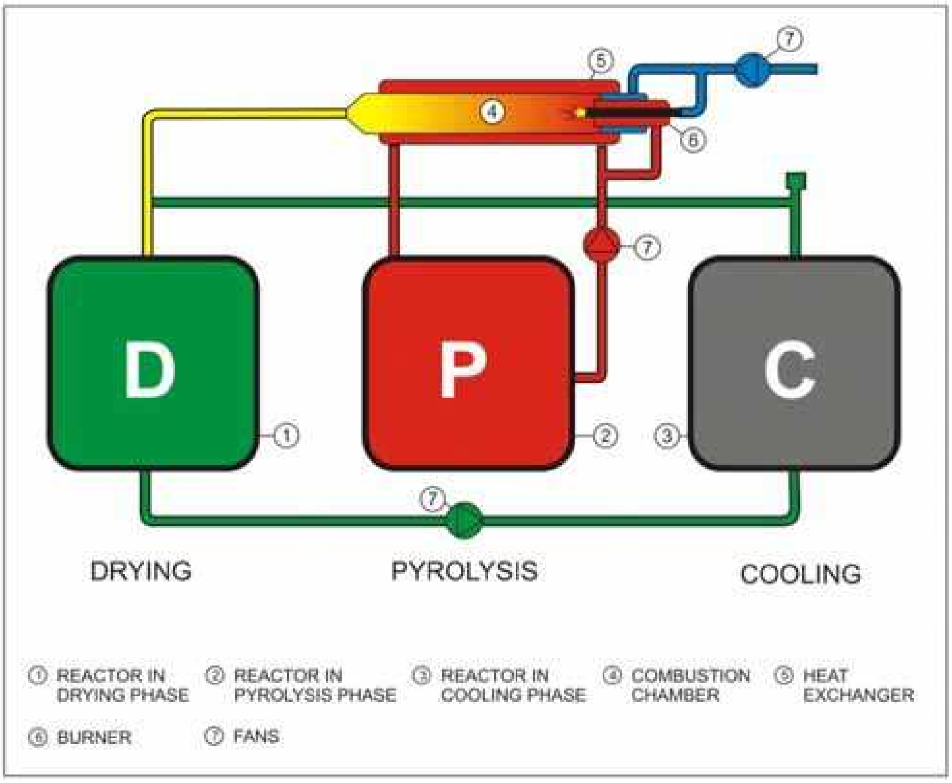


Figure 8: Schematic diagram of the DPC Pyrolysis Process

REVIEW OF OPERATIONS *(continued)*

Timber supply for the charcoal plant will be obtained from the commercially operated plantations located in the northern and central regions of Uruguay, with a focus on the small diameter thinnings which otherwise have little or no market value. As a part of the PFS, the company has undertaken testwork using all species grown and commercially available in northern Uruguay as well as a clone developed in Brazil (on production) for comparison of the charcoal yield.

The following conclusions are made from the testwork:

- All species perform well as feedstock to the DPC reactor:
    - All species gave good charcoal yields in the pilot plant, with higher yields to be expected in practice. An average yield of 39.7% was achieved;
    - There was no substantial difference found between timber with or without bark, allowing the use of timber with bark-on in the DPC reactors. The use of timber with bark-on will reduce harvesting costs, especially with pinus species;
    - All species showed relatively consistent process times, despite significant variations in the moisture content of the timber samples of between 40 to 58%. Timbers containing moisture contents at these levels generally cannot be readily processed using traditional charcoal making methods;
- All species showed good charcoal chemistries eminently suited for MPI production, and which were consistent across all samples. Volatile and ash contents are in line with expectations given the fixed carbon. Typical charcoal chemistries obtained were:
    - Fixed Carbon 70.4 to 72.3%
    - Ash Content 0.74 to 1.36%
    - Volatile Content 26.0 to 28.8%
    - Moisture Content <5%;
- All eucalypt species show good fragmentation indices and typical bulk densities comparable to charcoals made with traditional methods, and will produce lump charcoals suitable for use in a mini blast furnace.

Initially timber supply will be obtained from the large number of commercially operated plantations located in the northern and central regions of Uruguay, with a focus on the small diameter thinnings which otherwise have little or no market value to the plantation owner. At the end of 2011 there were some 240,000 ha of plantations within a 100 km radius of the project site in the northern region of Uruguay. Additionally there are further plantations in the eastern and central regions within a similar radius of the project. The net requirement of the project is the equivalent to approximately 50,000 ha.

It's The Company intention to undertake a redesign of the DPC reactors to both increase their productivity and simplify their construction. These modifications are intended to reduce both capital and operating costs compared to those assumed in this study. As the DPC technology is able to process any biomass feedstock with a diameter greater than approximately 20mm, it is intended to work with plantation groups in Uruguay to maximise the collection of suitable feedstock, including material that would otherwise be discarded during the conventional plantation harvesting operations.

REVIEW OF OPERATIONS *(continued)*

The longer term intention is to work with the plantation owners to establish new plantations. This offers the opportunity for a reduction in logistics costs through optimisation of plantation location with respect to the project as well as the opportunity to select timber species with favourable charcoal characteristics. Uruguay offers taxation incentives for plantation development and much of the area surrounding the project is classed as a 'Forestry Priority' zone by the Uruguayan Government.

Project Logistics and Infrastructure

The proposed transport logistics for the pig iron is to truck the pig iron from site to a stockpile and loading facility on the rail line near the border with Brazil, a distance of approximately 98kms. From there the products will be railed to a stockpile and loading facility at the Port of Rio Grande in Brazil, a distance of 687kms (See Figure 1). The export terminal has a draft of up to 12 metres and is currently serviced by Handymax and Panamax sized ships. The Company is still evaluating other options to place the product into the market since discussions were held with the Uruguayan port and rail authorities regarding their proposed new port, which has the potential to reduce project transportation costs.

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

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

A tailings storage impoundment will be constructed close to the location of the processing operations, and will also act as water collection and storage. The walls for the water storage dams and the tailings impoundment will be constructed using materials sourced from within the project site, including waste rock from the pre-strip of the initial open pits.

The work force for the project will be based in the local region, which is home to several towns and farming communities. Employees will also be drawn from the larger population centres at Tacuarembo, 40 minutes drive from site, and Rivera, 60 minutes drive from site. It is envisaged that part of the workforce will be sourced from Montevideo, the capital of Uruguay, on a drive-in/drive-out basis. The project includes a permanent accommodation camp for these personnel. Employees for the satellite charcoal plants will be sourced within the local communities wherever possible.

The overall employment for the project is a total of 654 between operating (531) and maintenance (123) personnel. The average cost of employment is estimated at approximately US$30,300 per year, per person.

Environmental

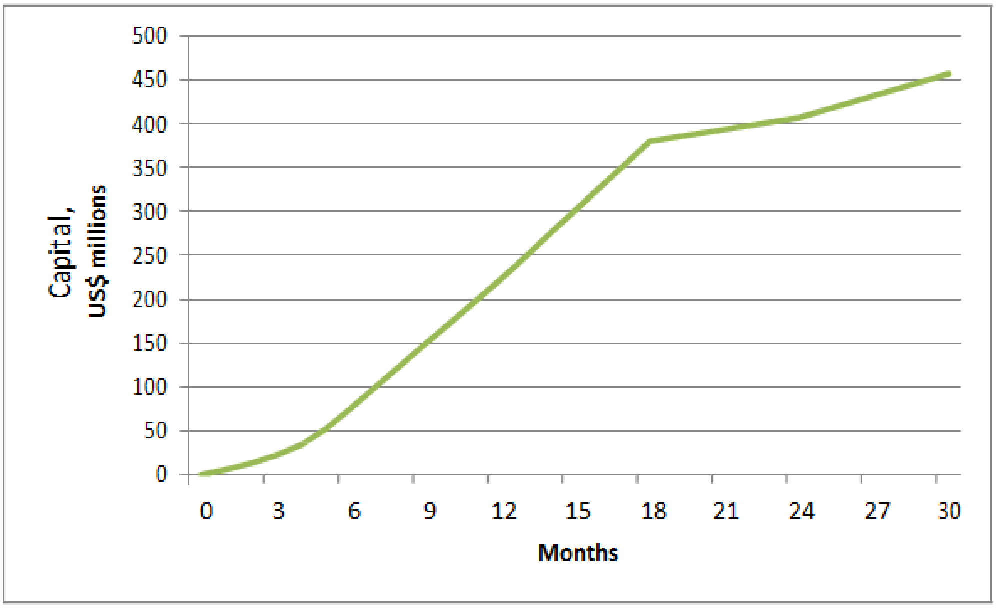
The Company lodged its Project Communication Document with the Uruguayan Department for the Environment during March 2012. This document summarises the proposed development at Zapucay and also presents the baseline environmental data for the project area. Lodgement of the document represents the first stage of the environmental approvals process. The Department accepted the document as a sufficient description of the project, which initiated the project approvals process which allows The Company to proceed with the final Project submission once defined.

REVIEW OF OPERATIONS *(continued)*

Capital Cost / Cash Operating Costs (as of September 2012)

The overall capital cost of the project is estimated at US$ 455 million, as summarised in Graph 1. Of this, US$ 378 million will be upfront, with the balance during the first year of operations. The implementation schedule is estimated at 18 months to the commissioning of the first blast furnace, with the second furnace commissioned 12 months later. The construction and commissioning of the charcoal plants will be staged to fit in with this construction schedule. The overall production costs for the pig iron is 276 US$ per tonne MPI, fob and for the production of pellets is 111 US$ per tonne MPI, fob.

Graph 1
Zapucay Project
Capital Cost (200,00MPI/y)



Expansion of the project to 800,000 tonnes per year of pig iron, which will consume all of the project's pellet production, is forecast to require an additional US$185 million, giving a total capital cost of US$640 million.

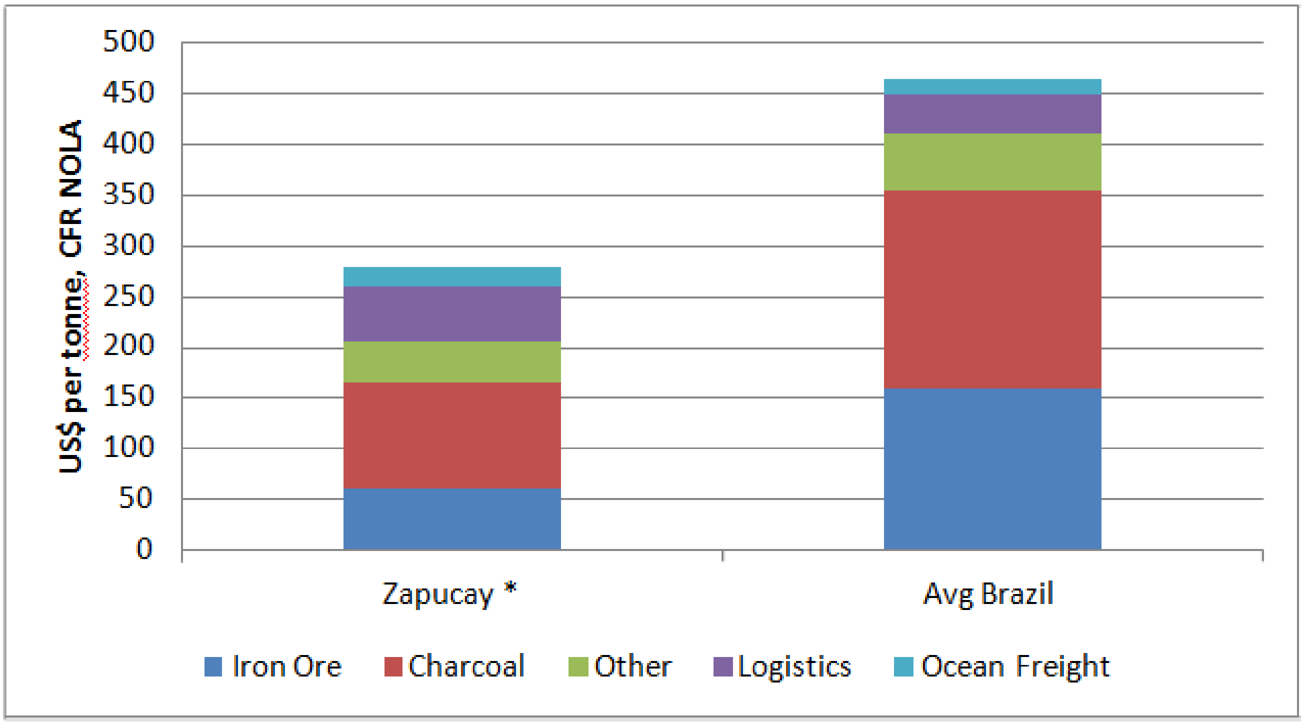
Merchant Pig Iron Market

The Company will have a competitive advantage over many of the Brazilian MPI producers with its captive, high grade iron ore supply and relatively low cost charcoal. Inland logistics costs are likely to be lower than those of many of the Brazilian and Russian producers that often have longer haul distances to loading ports. For the US and Asian markets, Gladiator may have a modest freight cost disadvantage in comparison with the Brazilian and CIS suppliers due to the draft restrictions at the Uruguayan ports of Montevideo and Fray Bentos. Pig iron is typically shipped to the US and Asian markets in Panamax vessels (which have draft of about 12 metres). Another possible export port, Rio Grande do Sul in Brazil, can accommodate Panamax vessels. It is recognised that it is standard practice for vessels ex Uruguay to top off at Brazilian ports en route to the USA, reducing the freight disadvantage. In the final analysis, any such disadvantage will reflect itself in the FOB price achievable.

REVIEW OF OPERATIONS *(continued)*

Logically, the benchmark comparator for Gladiator is the Brazilian MPI industry with which it will be competing in all markets. With an estimated operating cost of $275 per tonne, the Zapucay Project appears to have a significant cost advantage over many, if not most of the Brazilians producers, whose current costs to FOB are well in excess of $400 per tonne and whose future costs will be influenced by the forecast movement in iron ore prices. This cost advantage, perhaps tempered to a small extent by an ocean freight cost disadvantage in the US and Asian markets, is key to the success of the project as there is idle capacity of 6 to 7 million tonnes in Brazil which could be brought back into production relatively quickly if margins improve sufficiently and are sustained. Graph 2 presents the value chain for a national Brazilian MPI supply to a US Midwest steel mill, compared to that estimated for the Zapucay Project (subject to completion of Definitive Feasibility Study), showing that the Zapucay Project has a clear cost advantage.

Graph 2
Zapucay Project
Value Chain Comparison



MPI Pricing

It’s The Company opinion that MPI prices are likely to average around US$475 per tonne, fob, within a range of US$425 to US$550 per tonne, over the short to medium term, after which general steel industry trends will drive the price. These trends can be summarised as:

- Demand for MPI is likely to increase at a rate equal to or greater than the growth in global crude steel production over the period to 2020;
- Rising Electric Arc Furnace (EAF) steelmaking will drive higher demand for steel scrap, putting upward pressure on steel scrap prices, and hence the prices of other ferrous metallics including MPI. Generally MPI will attract a price premium over scrap and other ferrous metallics.

REVIEW OF OPERATIONS *(continued)*

Financial Evaluation

A review of the project was undertaken by Grant Thornton in Uruguay. This review assessed the potential for the project to access the Uruguayan Government's investment incentive schemes, the impact of potential taxation changes in Uruguay, and the overall project cashflows and financial returns. Three scenarios were considered using FOB prices for the MPI from Brazil (475US$/t fob) and the SBB Raw Materials Reference for the pellet fob price (65.2%Fe; 152US$/t fob). Table 8 shows the results for the three price scenarios.

Table 8
Zapucay Project
Indicative Pig Iron Chemistry

Scenario	NPV @ 10%		IRR	
	Before-Tax (US$ millions)	After-Tax (US$ millions)	Before-Tax (%)	After-Tax (%)
Average Price	309.9	253.6	20	19
Downside Price	154.8	116.1	15	14
Upside Price	524.1	445.9	26	24

Since Thorton´s review the Uruguayan Government has passed a new mining law that defines the "mega mineria" (large scale mining). This law redefines the project economics and applies to the Zapucay Project. Even though Thorton's envisaged some of the taxation changes, due to this new law his works need an exhaustive review to get a more accurate projected financial return.

BIOMASS PYROLYSIS TECHNOLOGY

Licensing Agreement

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

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

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

REVIEW OF OPERATIONS *(continued)*

DPC Process

The DPC Process comprises three phases occurring simultaneously in three interconnected horizontal kilns (Figure 8) to produce charcoal from suitable organic feedstock, such as timber from eucalypt plantations. Compared to conventional and traditional methods of charcoal production, the DPC Process offers many advantages including:

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

The Process also leads to a reduction in timber consumption, resulting in minimising the area of plantation necessary to support a given level of charcoal production, with a saving in timber production costs. When compared to other methods, the Process generates a stronger charcoal with higher fixed carbon content and more uniform product quality. The charcoal produced by the Process is very suitable for use as a reductant in mini blast furnaces. Gladiator believes that the Process represents a valuable addition to its Uruguay Pig Iron Project and will assist in ensuring that the project will be highly competitive when compared to other pig iron producers.

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

GOLD AND NICKEL EXPLORATION

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

Octagonal Resources (WA) Pty Ltd, a wholly owned subsidiary of Octagonal Resources Limited continued an active exploration programme over the Hogan’s Joint Venture tenements, which concluded in an offer to purchase Gladiator’s 30% interest in its Hogan’s Project. Tenements - exploration licences E26/108, E15/774, E15/ 803 and E15/1044 located approximately 25km east of Kambalda in Western Australia were included in the agreement on which Gladiator received 1,500,000 fully paid shares in Octagonal Resources Limited.

Competent Person Statement

The information in this Report that relates to Mineral Resources is based on information compiled by Mr Arnold van der Heyden, who is a Member of the Australian Institute of Mining and Metallurgy and a Director of H&S Consultants Pty Ltd. Mr van der Heyden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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' (JORC Code). Mr van der Heyden consents to the inclusion in this report of the matters based on the information in the form and context in which it appears.

REVIEW OF OPERATIONS *(continued)*

TENEMENT SUMMARY

Joint Venture Tenements – Isla Cristalina Belt

Area Name	Company Name	Licence Number	Area (ha.)	Status
Areicuá	MONTEMURA	PP1832/06	1036	Granted
Paso de las Piedras N	BOLIR	PP1911/06	3003	Granted
Tortoni	ERMAL	PE1143/08	124	Granted
Vichadero Centro-Sur	MONTEMURA	PP391/09	1800	Granted
Curtume N	MONTEMURA	PP1810/09	246	Granted
Curtume N	MONTEMURA	PP1811/09	474	Granted
Siete Porteras	MONTEMURA	PP2144/09	925	Granted
Cerro del Imán	BOLIR	PP62/10	796	Granted
Pº de las Piedras	MONTEMURA	PP123/10	6105	Granted
Cerro Papagayo	MONTEMURA	PE373/10	141	Granted
Papagayo	BOLIR	PP493/10	202	Granted
Zapucay Sur	ERMAL	PE1656/10	285	Granted
Siete Porteras	MONTEMURA	PE878/11	221	Application
Areicuá	MONTEMURA	PE881/11	125	Application
Papagayo	BOLIR	PE1569/11	82	Application
Veta Tanita	MONTEMURA	PE2861/11	690	Application
Zapucay Oeste	BRIMOL	PP2864/11	2019	Application
Hierro	USF	PP390/10	6046	Application
Hierro	FERROMINAS	PP881/10	7376	Application
Cerro Manganeso	FERROMINAS	PP1721/10	143	Granted
Reserva Minera	FERROMINAS	PP2091/10	1434	Granted
Cerro de La Tuna	FERROMINAS	PP2492/10	2503	Application
Arroyo del Abrojal	FERROMINAS	PP69/11	2139	Granted
Curtume N	FERROMINAS	PP397/11	521	Application
Zapucay	FERROMINAS	PP1350/11	1746	Granted
Reserva Minera	FERROMINAS	PE1571/11	425	Granted
Reserva Minera	FERROMINAS	PE1575/11	215	Granted
Reserva Minera	FERROMINAS	PE1577/11	598	Application
Aº Carpinteria	FERROMINAS	PP1751/11	327	Granted
Aº Carpinteria	FERROMINAS	PP1752/11	138	Granted
Aº Carpinteria	JOUTES	PE1753/11	211	Application
Curtume	FERROMINAS	PP1960/11	492	Application
Curtume	FERROMINAS	PP1961/11	658	Application
Curtume	JOUTES	PE1962/11	530	Application
Curtume	FERROMINAS	PE1965/11	473	Application
Monteiro	JOUTES	PE1971/11	359	Application

REVIEW OF OPERATIONS *(continued)*

TENEMENT SUMMARY *(continued)*

Monteiro	JOUTES	PE1973/11	455	Application
Curtume	FERROMINAS	PE1975/11	236	Application
Siete Porteras	FERROMINAS	PP2561/11	2231	Application
Cerro del Imán	FERROMINAS	PP2722/11	552	Granted
Arroyo Carpintería	FERROMINAS	PP2731/11	1077	Application
Arroyo Carpintería	FERROMINAS	PP2732/11	1346	Application
Areicuá	JOUTES	PP3078/11	997	Application
Vichadero W	FERROMINAS	PP3344/11	269	Application
Siete Porteras N	FERROMINAS	PP3763/11	3436	Application
Pº de las Piedras	FERROMINAS	PP26/12	2518	Application
Areicuá	JOUTES	PP905/12	653	Application
Areicuá	KYNTU	PE1059/12	442	Application
Areicuá	KYNTU	PE1067/12	876	Application
Areicuá	HAMFU	PP1072/12	598	Application
Caraguatá	FERROMINAS	PP1298/12	4204	Application
Cerro de la Tuna	FERROMINAS	PP1911/12	2517	Application
Siete Porteras N	FERROMINAS	PP1913/12	2549	Application
Curtume	FERROMINAS	PP191/13	2211	Application
Areicuá	FERROMINAS	PP724/13	306	Application
TOTAL			**72,081**	

100% owned tenements – Isla Cristalina Belt

Area Name	Company Name	Licence Number	Area (ha.)	Status
Acegua	Ferrominas	PP 2513/10	10,274	Application
Coronilla	Ferrominas	PE 2457/10	7,458	Application
TOTAL			**17,732**	

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 2013. This report is made in accordance with a resolution of directors.

DIRECTORS

The following persons were directors of Gladiator Resources Limited at any time since the start of the financial year to the date of this report:

Daniel Bruno	Non-Executive
Oscar León	Non-Executive - (Appointed on 22 March 2013)
Malcolm Draffin	Non-Executive - (Appointed on 22 March 2013)
Juan Jorge	Non-Executive - (Appointed on 7 May 2013)
Andrew Draffin	Non-Executive - (Appointed on 21 May 2013)
Alec Pismiris	Non-Executive - (Resigned on 22 March 2013)
David Argyle	Non-Executive - (Resigned on 22 March 2013)
John Palermo	Executive - (Resigned on 30 November 2012)
Leonard Dean	Chairman - (Resigned on 17 December 2012)
Mark Gordon	Non-Executive - (Resigned on 21 May 2013)
Stuart John Hall	Non-Executive - (Resigned on 7 December 2012)
Robert Timothy Adams	Executive - (Resigned on 6 May 2013)

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 $(141,786) (2012: loss of $884,218).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or recommended for the year ended 30 June 2013.

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SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

Date	Details	Number of Performance Rights	Number of options		Exercise Price	Expiry Date
			Listed	Unlisted		
06/07/2012	Unlisted options expired	-	-	- 1,500,000	0.35	06/07/2012
07/11/2012	Exercise of performance rights	- 7,500,000	-	-	-	31/05/2015
31/12/2012	Unlisted options expired	-	-	- 14,017,389	0.40	31/12/2012
31/12/2012	Unlisted options expired			- 750,000	0.30	31/12/2012

OPERATING RESULTS AND FINANCIAL POSITION

The net amount of the consolidated loss for the year after providing for income tax was $(141,786) (2012: loss of $884,218).

The net assets of the consolidated entity at 30 June 2013 were $15,311,559 (2012: $15,234,910). At that date, there was cash at bank of $792,203 (2012: $3,545,811).

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, the company received a winding up notice in the order of $55,000. The directors intend to repay this amount and do not anticipate that this will impact the company and its operations going forward.

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

INFORMATION ON DIRECTORS

Oscar León – Director

Mr Leon is a Uruguayan CPA with more than 25 years of experience in corporate Finance and Management. He served as Director and Chief Financial Officer of Latin America Operations for Compañia Minera San Gregorio S.A., Compañia Minera San Jose S.A., subsidiaries of American Resources Corp. and Rea Gold Inc. of Canada. He also participated in the financing and development of the San Gregorio gold mine in Uruguay.

Mr. Leon has worked for several mining companies as Everton Resources, Southern Era, Yamiri Gold.

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

Malcolm Draffin – Director

Mr. M.Draffin is a Fellow of the Institute of Chartered Accountants in Australia with over 40 years' experience in public practice and has held directorships in a number of Australian listed companies and has worked mainly with Small to Medium Business Enterprises including a number in the Finance Sector and has assisted these businesses in all phases from start up to Initial Public Offering.

Mr. Draffin presently advises a broad range of businesses including companies involved in the finance/capital markets, service industries, primary production and resources.

During the past three years, Malcolm Draffin has served as a director of MRI Holdings Limited.

Juan Jorge – Director
Mr. Jorge is a Uruguayan lawyer and notary and is a member of the Lawyers College and Notaries Association in Uruguay. He has more than 15 years' experience in corporate law, specializing in contracts, having previously worked with Guyer and Regules and PricewaterhouseCoopers prior to heading the legal department of the Union Group International Holdings Limited ("Union Group") in 2008. Union Group is a privately owned firm which holds significant strategic interests in businesses spanning the agriculture, energy, forestry, infrastructure, minerals, oil & gas and real estate sectors in Latin America, and has recently become a substantial shareholder of Gladiator. More information on Union Group is available at www.uniongrp.com.

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

Andrew Draffin – Director
Mr A.Draffin is a member of the Institute of Chartered Accountants in Australia and holds Bachelor of Commerce and is a partner in the Chartered Accounting firm Draffin Walker & Co. Andrew is a Director, Chief Financial Officer and Company Secretary of listed, unlisted and private companies across a broad range of industries including, exploration, energy, finance and investment. His focus is on financial reporting, treasury management, management accounting and corporate advisory services, areas where he had gained experience over 16 years.

During the past three years, Andrew Draffin has served as a director of MRI Holdings Limited, EnviroMission Limited; and HydroMet Corporation Limited.

Daniel Bruno – 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

Andrew Bursill (appointed 31 December 2012) **-** B. Agr. Ec, CA Joint Company Secretary
Mr Bursill holds a Bachelor of Agricultural Economics from the University of Sydney and is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse).

Since commencing his career as an outsourced CFO and Company secretary in 1998, Mr Bursill has been CFO, Company secretary and/or Director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.

REMUNERATION REPORT (AUDITED)

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

Remuneration policy

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

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

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

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

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

Remuneration 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.

30 June 2013

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	Salary and fees	Superannuation	SBP	TOTAL
L Dean	26,493	13,625	6,772	46,890
R T Adams	260,753	-	110,400	371,153
J Palermo	336,305	-	110,400	446,705
S J Hall	12,500	-	6,772	19,272
D Bruno	15,011	-	18,400	33,411
M Gordon	54,200	-	-	54,200
D Argyle	-	-	-	-
A Pismiris	13,175	-	-	13,175
O Leon	6,845	-	-	6,845
M Draffin	-	-	-	-
J Jorge	-	-	-	-
	725,282	13,625	252,744	991,651

30 June 2012

Directors	Salary and fees	Superannuation	SBP	Other Benefits	TOTAL
L Dean	12,500	13,625	56,628	-	82,753
R T Adams	356,675	-	36,000	49,924	442,599
J Palermo	255,478	-	36,000		291,478
S J Hall	30,000	-	6,000		36,000
D Bruno	50,784	-	72,829		123,613
	705,437	13,625	207,457	49,924	976,443

Remuneration – Performance Rights
Refer to Note 22 for details of performance rights issued to directors during the year.

Remuneration - Options (2013)
No options were granted or exercised during year ended 30 June 30 2013.

Remuneration - Options (2012)

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

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

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

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

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

Additional information

Details of remuneration: cash bonuses and options

For each cash bonus and grant of options included in the tables on page 34, the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below:

	Cash Bonus		Options					
Name	**Paid %**	**Forfeited %**	**Year granted**	**Vested %**	**Forfeited %**	**Financial years in which options may vest**	**Minimum total value of grant yet to vest $**	**Maximum total value of grant yet to vest $**
L Dean	--	--	2013 2012	-- --	-- --	-- --	-- --	-- --
RT Adams	--	--	2013 2012	-- --	-- --	-- --	-- --	-- --
J Palermo	--	--	2013 2012	-- --	-- --	-- --	-- --	-- --
SJ Hall	--	--	2013 2012	-- --	-- --	-- --	-- --	-- --
D Bruno	--	--	2013 2012	-- 100%	-- --	-- --	-- --	-- --

Interest in shares, options and performance rights of the Company

As at 30 June 2013, the directors' interests in shares, options and performance rights of Gladiator Resources Limited were:

Current Directors	Number of shares	Number of options over ordinary shares	Number of performance rights
D. Bruno	890,909	175,909	-
O. León	-	-	-
M. Draffin	-	-	-
A. Draffin			
J. Jorge	-	-	-
	890,909	175,909	-

Remuneration of Directors (as at 30 June 2013)

All Directors are paid $25,000 per annum, paid quarterly in arrears for consulting fees.

Remuneration of Company Secretary (as at 30 June 2013)

Franks and Associates has been appointed as the Company's Secretary effective from 31 December 2012, and the provision of secretarial services is $3,750 per month. As at 30 June 2013, the remuneration paid to Franks and Associates was $73,155 which includes company secretarial and finance function services.

[END OF REMUNERATION REPORT]

DIRECTORS' MEETINGS

The following table sets out the number of meetings the Company's directors held during the year ended 30 June 2013 and the number of meetings attended by each director:

	Number eligible to attend	Number attended
Leonard Dean	3	3
Robert (Tim) Adams	5	4
John Palermo	3	3
Stuart Hall	3	2
Daniel Bruno	5	5
Mark Gordon	2	2
Alec Pismiris	2	2

SHARE OPTIONS

As at 30 June 2013, there existed the following outstanding options to acquire ordinary shares:

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

Unlisted options
1,000,000 options remain on issue, exercisable at $0.30 on or before 31 December 2013; and
1,000,000 options remain on issue, excercisable at $0.40 on or before 31 December 2013.

INDEMNIFICATION AND INSURANCE OF DIRECTORS

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

CORPORATE GOVERNANCE

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included within this financial report.

NON-AUDIT SERVICES

Any non-audit service that may have been provided by the entity's auditor, RSM Bird Cameron Partners, is shown at Note 13. 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 30th day of September, 2013

Signed in accordance with a resolution of the board of directors

GLADIATOR RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

	Note	Consolidated 2013 $	2012 $
Revenue	2	348,758	489,049
Net foreign exchanges gains / (losses)	3(b)	948,600	(86,099)
Depreciation	3(a)	(33,065)	(24,768)
Administration expenses	3(c)	(67,584)	(138,544)
Audit and tax remuneration	3(c)	(41,700)	(111,276)
Company secretarial fees	3(c)	(90,350)	(111,760)
Consulting fees	3(c)	(266,668)	(180,400)
Directors' benefits expense	3(c)	(372,111)	(207,457)
Exploration expenditure (written off)	3(c)	-	(298)
Fees and permits	3(c)	(130,355)	(80,326)
Insurance	3(c)	(26,335)	(20,082)
Legal costs	3(c)	(27,159)	(26,595)
Rent and outgoings	3(c)	(46,113)	(26,858)
Share registry maintenance fees	3(c)	(34,117)	(45,118)
Taxes and licenses	3(c)	(20,069)	(129,322)
Travel and accommodation	3(c)	(23,894)	(65,346)
Unrealised loss of financial assets	3(c)	(136,792)	-
Other expenses	3(c)	(122,832)	(119,018)
Loss before income tax		(141,786)	(884,218)
Income tax	4	-	-
Loss for the year		(141,786)	(884,218)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(62,527)	53,191
Total comprehensive loss for the year		(204,313)	(831,027)
Loss attributable to:			
Members of the parent entity		(204,313)	(831,027)
Basic and diluted loss per share (cents per share)	16	(0.06)	(0.63)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents	5	792,203	3,545,811
Trade and other receivables	6	884,024	1,301,322
Total Current Assets		1,676,227	4,847,133
Non Current Assets			
Other financial assets	7	120,659	4,094
Plant and equipment	8	74,380	97,527
Mineral exploration and evaluation expenditure	9	14,190,261	11,113,800
Total Non Current Assets		14,385,300	11,215,421
Total Assets		16,061,527	16,062,554
Current Liabilities			
Trade and other payables	10	749,968	827,644
Total Liabilities		749,968	827,644
Net Assets		15,311,559	15,234,910
Equity			
Issued capital	11	18,005,194	18,007,112
Reserves	12	3,026,711	2,806,358
Accumulated losses		(5,720,346)	(5,578,560)
Total Equity		15,311,559	15,234,910

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 2013

	Issued Capital $	Share Based Payments Reserve $	Foreign Currency Translation Reserve $	Accumulated Losses $	Total $
Balance at 01/07/2011	12,443,002	1,976,364	54,436	(4,694,342)	9,779,460
Loss for the year	-	-	-	(884,218)	(884,218)
Other comprehensive income	-	-	53,191	-	53,191
Total comprehensive loss for the year	-	-	53,191	(884,218)	(831,027)
Transactions with owners recorded directly into equity					
Shares issued during the year	6,688,501	-	-	-	6,688,501
Fair value of options issued during the year	-	531,110	-	-	531,110
Fair value of performance rights issued during the year	-	191,257	-	-	191,257
Transaction costs	(1,124,391)	-	-	-	(1,124,391)
Balance at 30/06/2012	18,007,112	2,698,731	107,627	(5,578,560)	15,234,910
Balance at 01/07/2012	18,007,112	2,698,731	107,627	(5,578,560)	15,234,910
Loss for the year	-	-	-	(141,786)	(141,786)
Other comprehensive income	-	-	(62,527)	-	(62,527)
Total comprehensive loss for the year	-	-	(62,527)	(141,786)	(204,313)
Transactions with owners recorded directly into equity					
Fair value of performance rights issued during the year	-	282,880	-	-	282,880
Transaction costs	(1,918)	-	-	-	(1,918)
Balance at 30/06/2013	18,005,194	2,981,611	45,100	(5,720,346)	15,311,559

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 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Loss for the year		(141,786)	(884,218)
Depreciation	8	33,065	24,768
Equity settled share based payments		220,353	210,967
Exploration expenditure written off/(recouped)		-	298
(Gain)/Loss on disposal of plant and equipment		(267,500)	3,126
Foreign exchange movements		(948,600)	86,099
Movement in Net Market Value - Unrealised Loss		136,792	-
Movements in assets and liabilities:			
Receivables		417,298	(646,908)
Payables		(77,676)	54,848
Net Cash Flows Used in Operating Activities		(628,054)	(1,151,020)
Cash Flows from Investing Activities			
Payments for exploration expenditure		(3,076,384)	(5,782,710)
Payment for plant and equipment	8	(10,979)	(44,483)
Disposals of plant and equipment	8	1,061	
Disposals of other assets		14,608	-
Other		-	12,461
Net Cash Flows Used in Investing Activities		(3,071,694)	(5,814,732)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		-	6,688,501
Costs associated with share and option issues		(2,460)	(612,991)
Net Cash Flows Used in / Provided by Financing Activities		(2,460)	6,075,510
Net (decrease) in cash and cash equivalents held		(3,702,208)	(890,242)
Cash and cash equivalents at the beginning of the financial year		3,545,811	4,522,152
Effect of exchange rate change on cash holdings		948,600	(86,099)
Cash and cash equivalents at the end of the financial year	5	792,203	3,545,811

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Separate financial statements for Gladiator Resources Limited as the parent entity are no longer presented as a consequence of changes to the Corporations Act 2001, however required financial information for Gladiator Resources Limited as the parent entity is included in Note 24.

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

Basis of Preparation

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

The financial report was authorised for issue by the Board on September 30, 2013.

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

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the company and consolidated entity incurred losses after tax for the year ended 30 June 2013 of $904,539 and $141,786 respectively. The consolidated entity also had net cash outflows from operating activities of $628,054 and $3,071,694 from investing activities for the year ended 30 June 2013.

These factors indicate significant uncertainty as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that it is reasonably foreseeable that the company and consolidated entity will continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability to issue additional shares under the *Corporation Act 2001* to raise further working capital; and
- The consolidated entity has the ability to scale down its operations in order to curtail expenditure, in the event capital raisings are delayed or insufficient cash is available to meet projected expenditure.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(a) Statement of Compliance

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

(b) 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 2013 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.

(c) 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.

(d) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(d) Plant and Equipment *(continued)*

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.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value method or a straight line 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	2.5 – 100%

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

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

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

(e) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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.

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.

(f) Leases

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).
Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(g) Financial Instruments (cont.)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(h) 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.

(i) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(l) 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).

(m) Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST or VAT incurred is not recoverable from the Australian Taxation Office (ATO) or the Uruguay General Tax Direction ((Dirección Nacional Impositiva – DGI) as appropriate

Receivables and payables are stated inclusive of the amount of GST or VAT receivable or payable. The net amount of GST or VAT recoverable from, or payable to, the ATO or DGI is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST or VAT components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO or DGI, are presented as operating cash flows included in receipts from customers or payments to suppliers.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) 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.

(o) 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.

(p) Share Based Payments

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

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(q) Foreign Currency Translation

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

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

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(r) 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.

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.

(s) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(s) New, revised or amending Accounting Standards and Interpretations adopted (cont.)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2013. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 10 Consolidated Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns. The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement

These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2014 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

NOTE 2: REVENUE	**Consolidated 2013 $**	**2012 $**
Revenue		
Interest earned	99,802	116,760
Rent (write-off) / received	(18,544)	18,544
Research and development tax offset	-	353,745
Sale of Tenement Assets	267,500	-
	348,758	489,049

NOTE 3: EXPENSES AND LOSSES/(GAINS)	**Consolidated 2013 $**	**2012 $**
(a) Expenses		
Depreciation of non-current assets		
- Plant and equipment	33,065	24,768
(b) Net foreign currency (gains) / losses	(948,600)	86,099

(c) Significant Items
Loss before income tax includes the following expenses whose disclosure is relevant in explaining the financial performance for the year:

	2013 $	2012 $
Administration expenses	67,584	138,544
Audit and tax remuneration	41,700	111,276
Company secretarial costs	90,350	111,760
Consulting fees	266,668	180,400
Directors’ benefits expense	372,111	207,457
Exploration expenditure written off	-	298
Fees and permits	130,355	80,326
Insurance	26,335	20,082
Legal costs	27,159	26,595
Rent and outgoings	46,113	26,858
Share registry maintenance fees	34,117	45,118
Taxes and licenses	20,069	129,322
Travel and accommodation	23,894	65,346
Unrealised loss of financial assets	136,792	-
Other expenses	122,832	119,018
	1,406,079	1,262,400

NOTE 4: INCOME TAX

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

	Consolidated	
	2013	**2012**
	$	**$**
Loss before income tax	(141,786)	(884,218)
Income tax calculated at 30%	(42,536)	(265,265)
Non-allowable expenditure	(35,964)	65,780
Tax asset not recognised	78,500	199,485
Income tax attributable to operating loss	**--**	**--**
The directors estimate that the potential deferred tax asset at 30% arising from tax losses not brought to account at reporting date is approximately:	1,042,958	1,480,075

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

NOTE 5: CASH AND CASH EQUIVALENTS

	Consolidated	
	2013	**2012**
	$	**$**
Cash at bank	542,203	345,811
Term deposits	250,000	3,200,000
	792,203	3,545,811

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade debtors	-	20,399
Sundry debtors	-	353,745
GST and VAT refundable	828,806	821,356
Prepayments	47,343	33,387
Accrued income	2,411	38,091
Guarantees	5,464	34,344
	884,024	1,301,322

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

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

Credit Risk

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

	Consolidated	
	2013	**2012**
	$	**$**
NOTE 7: OTHER FINANCIAL ASSETS		
Long term investments – fair value	120,659	4,094

Long term investments relate to shares obtained through sale of a tenement during the year.

NOTE 8: PLANT AND EQUIPMENT

	2013 $	2012 $
Plant and equipment at cost	149,822	135,534
Less: accumulated depreciation	(75,442)	(38,007)
Total plant and equipment	74,380	97,527
Reconciliation of the carrying amount for plant and equipment is set out below:		
Carrying amount at beginning of year	97,527	80,938
Additions	10,979	44,483
Disposals	(1,061)	(3,126)
Depreciation expense	(33,065)	(24,768)
Carrying amount at end of year	74,380	97,527

NOTE 9: MINERAL EXPLORATION AND EVALUATION EXPENDITURE

	2013 $	2012 $
Balance at beginning of year	11,113,800	5,278,197
Exploration expenditure incurred during year	3,076,461	5,835,901
Expenditure written off	-	(298)
Balance at end of year	14,190,261	11,113,800

	Consolidated 2013 $	2012 $
NOTE 10: TRADE AND OTHER PAYABLES		
Trade creditors and accrued expenses	749,968	827,644

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

	2013	2012
232,985,222 Ordinary shares fully paid (2012: 225,485,222)	18,005,194	18,007,112

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

Date	Details	No. of Shares	$
01/07/2012	Opening balance	225,485,222	18,007,112
07/11/2012	Conversion of performance shares	7,500,000	-
	Less: costs associated with issue of shares	-	(1,918)
30/06/2013	Closing balance	232,985,222	18,005,194

(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 2013 and no dividends are expected to be paid in 2014.

NOTE 11: CONTRIBUTED EQUITY *(continued)*

(c) Capital Risk Management *(continued)*

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

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

NOTE 12: RESERVES

	Consolidated 2013 $	Consolidated 2012 $
(a) Composition		
Share based payments reserve	2,981,611	2,698,731
Foreign currency translation reserve	45,100	107,627
	3,026,711	2,806,358

Date	Details	Number of Performance Rights	Number of options Listed	Number of options Unlisted	Exercise Price	Expiry Date
01/07/2012	Opening balance	8,300,000	137,996,956	30,892,389		
06/07/2012	Unlisted options expired	-	-	- (1,500,000)	0.35	06/07/2012
07/11/2012	Exercise of performance rights	- (7,500,000)	-	-	-	
31/12/2012	Unlisted options expired	-	-	(14,017,389)	0.40	31/12/2012
31/12/2012	Unlisted options expired			(750,000)	0.30	31/12/2012
21/02/2013	Performance rights lapsed	(800,000)	-	-	-	
30/06/2013	Closing Balance	-	137,996,956	14,625,000		

NOTE 13: REMUNERATION OF AUDITORS

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

Audit and review services		
- RSM Bird Cameron Partners	32,500	30,400
Tax compliance services		
- RSM Bird Cameron	9,200	26,558
	41,700	56,958

NOTE 14: 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:

Daniel Bruno	Non-Executive
Oscar León	Non-Executive - (Appointed on 22 March 2013)
Malcolm Draffin	Non-Executive - (Appointed on 22 March 2013)
Juan Jorge	Non-Executive - (Appointed on 7 May 2013)
Andrew Draffin	Non-Executive - (Appointed on 21 May 2013)
Alec Pismiris	Non-Executive - (Resigned on 22 March 2013)
David Argyle	Non-Executive - (Resigned on 22 March 2013)
John Palermo	Executive - (Resigned on 30 November 2012)
Leonard Dean	Chairman - (Resigned on 17 December 2012)
Mark Gordon	Non-Executive - (Resigned on 21 May 2013)
Stuart John Hall	Non-Executive - (Resigned on 7 December 2012)
Robert Timothy Adams	Executive - (Resigned on 6 May 2013)

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:

	$	$
Short term employee benefits	725,282	705,437
Post-employment benefits	13,625	13,625
Equity based payments	252,744	207,457
Other benefits	-	49,924
	991,651	976,443

NOTE 14: KEY MANAGEMENT PERSONNEL (Cont.)

Share Holdings (2013)

Director	Balance 1 July 2012 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Options/ Performance Rights Exercised	Net Other Change (No. of Shares)	Balance 30 June 2013 (No. of Shares)
D Bruno	390,909	--	--	500,000	890,909
Total	390,909	-	--	500,000	890,909

Share Holdings (2012)

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

Options Holdings (2013)

Director	Balance 01/07/2012 (No. of Options)	Granted as Remuneration (No. of Options)	No. of Options Exercised	Net Change Other (No. of Options)	Balance 30/06/2013 (No. of Options)	Total Vested 30/06/2013 (No. of Options)	Total Exercisable (No. of Options)
D Bruno	1,783,409	-	--	1,607,500	107,500	107,500	107,500
Total	1,783,409	-	--	1,607,500	107,500	107,500	107,500

NOTE 14: KEY MANAGEMENT PERSONNEL (Cont.)

Options Holdings (2012)

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

Performance Rights Holdings (2013)

Director	Balance 01/07/2012 (No. of Performance Rights)	Granted as Remuneration (No. of Performance Rights)	No. of Perf. Rights Exercised	Net Change Other (No. of Performance Rights)	Balance 30/06/2013 (No. of Performance Rights)	Total Vested 30/06/2013 (No. of Performance Rights)	Total Exercisable (No. of Performance Rights)
L Dean	-	900,000	(500,000)	(400,000)	-	-	-
R T Adams	-	3,000,000	(3,000,000)	-	-	-	-
J Palermo	-	3,000,000	(3,000,000)	-	-	-	-
S J Hall	-	900,000	(500,000)	(400,000)	-	-	-
D Bruno	-	500,000	(500,000)	-	-	-	-
Total	-	8,300,000	(7,500,000)	(800,000)	-	-	-

Performance Rights Holdings (2012)

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

NOTE 14: KEY MANAGEMENT PERSONNEL (Cont.)

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:

	Consolidated 2013 $	Consolidated 2012 $
Consultancy expenses reimbursed – D Bruno	-	8,223
Consultancy expenses reimbursed – R T Adams	10,000	37,478
Company secretarial and professional fees – Prime Corporate management Pty Ltd and J P Corporate Pty Ltd (J Palermo)	245,157	117,842
Sub-underwriting fees – J Palermo	-	42,000
Company secretarial and finance function fees - Franks & Associates Pty Ltd (A Bursill)	73,155	-

NOTE 15: 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 2013 %	% Equity Interest 2012 %	Book Value of Shares held by Parent Entity 2013 $	Book Value of Shares held by Parent Entity 2012 $
Brightflow Investments Pty Ltd	Australia	100%	100%	-	-
Ecochar Pty Ltd	Australia	100%	100%	100	100
Ion Resources Pty Ltd	Australia	100%	100%	100	100
Ferrous Resources Pty Ltd	Australia	100%	100%	-	-
Ferrominas Sociedad Anonima	Uruguay	100%	100%	12,155	12,155
Floniler Sociedad Anonima	Uruguay	100%	100%	-	-
Joutes Sociedad Anonima	Uruguay	100%	100%	1,928	1,928
Hamfu Sociedad Anonima	Uruguay	100%	100%	1,928	1,928
Kyntu Sociedad Anonima	Uruguay	100%	100%	1,928	1,928
Rolben Sociedad Anonima	Uruguay	100%	100%	2,166	2,166
				20,305	20,305

NOTE 16: LOSS PER SHARE

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

	Consolidated	
	2013	**2012**
	$	**$**
Loss for the year	(141,786)	(884,218)
Loss used in calculating basic and diluted loss per share	(141,786)	(884,218)
	No. of shares	**No. of shares**
Weighted average number of ordinary shares used in calculating basic and diluted loss per share:	230,300,796	139,897,995

NOTE 17: COMMITMENTS FOR EXPENDITURE

Tenement Expenditure Commitments

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

	2013	**2012**
	$	**$**
Not later than one year	838,000	838,000
Later than one year but not later than 2 years	838,000	838,000
Later than 2 years but not later than 5 years	1,676,000	2,514,000
	3,352,000	4,190,000

NOTE 18: CONTINGENT LIABILITIES

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

NOTE 19: 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	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
	$	**$**	**$**	**$**	**$**	**$**
Geographical Segments						
Revenue						
Other revenues from customers	348,758	487,026	-	2,023	348,758	489,049
Total segment revenue	348,758	487,026	-	2,023	348,758	489,049
Assets						
Segment assets	1,778,937	4,558,808	14,282,590	11,503,746	16,061,527	16,062,554
Major Customers	-	-	-	-		-

NOTE 20: 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 $	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Financial Assets								
- Cash and cash equivalents	542,203	345,811	4.20	5.52	250,000	3,200,000	792,203	3,545,811
- Trade and other receivables	884,024	1,301,322			-	-	884,024	1,301,322
Total Financial Assets	1,426,227	1,647,133			250,000	3,200,000	1,676,227	4,847,133
Financial Liabilities								
- Trade and other payables	749,968	827,644	-	-	-	-	749,968	827,644
Total Financial Liabilities	749,968	827,644			-	-	749,968	827,644
Net Financial Assets/(Liabilities)	676,259	819,489			250,000	3,200,000	926,259	4,019,489

NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

Interest Rate Sensitivity

At 30 June 2013, 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 $9,980 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 2013 from around 4.20% to 4.62% (10% decrease: 3.78%) representing a 55 basis points shift.

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

Liquidity Risk

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

	Consolidated	
	2013	**2012**
	$	**$**
Contracted maturities of payable at 30 June		
Payable		
- less than 6 months	749,968	827,644

Commodity Price Risk

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

Foreign Exchange Risk

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

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

NOTE 20: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont.)

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:

	2013 Change in equity with a +/- 10% in exchange rates $	2012 Change in equity with a +/- 10% in exchange rates $
Total Assets	2,140,318	615,877
Total Liabilities	2,110,765	671,860

Reconciliation of Net Financial Assets to Net Assets

	Consolidated	
	2013	2012
	$	$
Net financial assets	926,259	4,019,489
Property, plant and equipment	74,380	97,527
Mineral exploration and evaluation expenditure	14,190,261	11,113,800
Other financial assets	120,659	4,094
Net assets	15,311,559	15,234,910

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 21: EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year, the company received a winding up notice in the order of $55,000. The directors intend to repay this amount and do not anticipate that this will impact the company and its operations going forward.

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

NOTE 22: SHARE BASED PAYMENTS

Issue of shares
No shares were issued to directors and other key management personnel as part of compensation during the year ended.

Options
No options were issued to directors and other key management personnel as part of compensation during the year ended June 30, 2013.

Performance rights
No performance rights were issued to directors and other key management personnel as part of compensation during the year ended 30 June 2013.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as a part of compensation during year ended June 30, 2013 are set out below:

Name	Number of rights granted	Date granted	Expiry date	Fair value per right at grant date	Value of rights exercised	Date exercised
L Dean	500,000	31/05/2012	31/05/2015	0.05	24,400	07/11/2012
R Adams	3,000,000	31/05/2012	31/05/2015	0.05	146,400	07/11/2012
J Palermo	3,000,000	31/05/2012	31/05/2015	0.05	146,400	07/11/2012
S Hall	500,000	31/05/2012	31/05/2015	0.05	24,400	07/11/2012
D Bruno	500,000	31/05/2012	31/05/2015	0.05	24,400	07/11/2012
	7,500,000					

The rights vested following completion of the pre-feasibility study on the Isla Cristalina Joint Venture project in Uruguay from Orosur Mining Inc.

The value of performance rights over ordinary shares granted, exercised lapsed for directors and other key management personnel as part of compensation during the year ended June 30, 2013 are set below:

Name	Number of rights granted	Date granted	Expiry date	Fair value per right at grant date	Value of options lapsed during the year	Date lapsed
L Dean (resigned 17/12/12)	400,000	30/11/2011	08/12/2014	0.10	41,600	21/02/2013
S Hall (resigned 7/12/12)	400,000	30/11/2011	08/12/2014	0.10	41,600	21/02/2013
	800,000					

The above rights lapsed on resignation of directors.

NOTE 23: COMPANY DETAILS

Gladiator Resources Limited is a company limited by shares that is incorporated and domiciled in Australia. Its registered office and principal place of business is located at Suite 4, Level 9, 341 George Street, Sydney, NSW.

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position	2013 $	2012 $
Current Assets		
Cash and cash equivalents	651,866	3,309,306
Trade and other receivables	39,428	531,865
Total Current Assets	691,294	3,841,171
Non Current Assets		
Plant and equipment	-	4,972
Other financial assets	13,919,669	11,781,390
Mineral exploration and evaluation expenditure	971,543	820,565
Total Non Current Assets	14,891,212	12,606,927
Total Assets	15,582,506	16,448,098
Current Liabilities		
Trade and other payables	329,644	571,659
Total Current Liabilities	329,644	571,659
Non Current Liabilities		
Other financial liabilities	32,966	32,966
Total Non Current Liabilities	32,966	32,966
Total Liabilities	362,610	604,625
Net Assets	15,219,896	15,843,473
Equity		
Issued capital	18,005,194	18,007,112
Reserves	2,981,611	2,698,731
Accumulated losses	(5,766,909)	(4,862,370)
Total Equity	15,219,896	15,843,473

(b) Financial Performance	2013 $	2012 $
Loss for the year	(904,539)	(523,108)
Other Comprehensive income	-	-
Total Comprehensive Loss	**(904,539)**	**(523,108)**

NOTE 24: PARENT ENTITY DISCLOSURES (Cont.)

(c) Guarantees

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

(d) Other Commitments and Contingencies

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

DIRECTORS' DECLARATION

In the opinion of the directors:

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

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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 2013.

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

Dated this 30th day of September, 2013

OSCAR LEON
Director

RSM Bird Cameron Partners
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GLADIATOR RESOURCES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gladiator Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

RSM Bird Cameron Partners

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gladiator Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 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).

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity incurred losses of $904,539 and $141,786 respectively for the year ended 30 June 2013. The consolidated entity also had net cash outflows from operating activities of $628,054 and from investing activities of $3,071,694 for the year ended 30 June 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2013

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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 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 30 September 2013

TUTU PHONG
Partner

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULL PAID SHARES

(i) DISTRIBUTION OF SHAREHOLDERS AS AT 13 SEPTEMBER 2013:

SPREAD OF HOLDINGS	NO. OF SHARES	NO. OF HOLDERS	SECURITIES	PERCENTAGE OF ISSUED CAPITAL %
NIL holding				
1 –	1,000	25	1,561	0.00
1,001 –	5,000	40	132,962	0.06
5,001 –	10,000	107	985,252	0.42
10,001 –	100,000	212	9,076,763	3.90
100,001 –		139	222,788,684	95.62
Total on register		**523**	**232,985,222**	**100.00**

The number of shareholdings held in less than marketable parcels is 324.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES

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

	NAME	DESIGNATION	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	BNP Paribas Noms PL	Drp	55,123,951	23.66
2.	Wealthystar Grp Ltd		18,144,065	7.79
3.	Nefco Nom PL		12,426,548	5.33
4.	ABN Amro Clearing Sydney	Cust A/C	10,415,726	4.47
5.	JP Morgan Nom Aust Ltd	Cash Income A/C	8,078,034	3.47
6.	Finebase Hldgs PL		7,827,273	3.36
7.	Biyani Kaushik		5,736,967	2.46
8.	Avotins Julie		4,756,216	2.04
9.	Jomima PL		4,645,000	1.99
10.	Citicorp Nom PL		4,525,879	1.94
11.	Adams Robert Timothy		3,650,000	1.57
12.	Global Pearl Ltd		3,400,000	1.46
13.	Red Oaks PL		3,000,000	1.29
14.	Dirki PL		2,900,000	1.24
15.	M & M Fam PL		2,750,000	1.18
16.	Emmett Cap PL	Emmet Fam A/C	2,598,125	1.12
17.	Leuzzi Joe + Sally		2,500,000	1.07
18.	Cassim Salim		2,436,883	1.05

19.	Casa Dolce PL	Todd Rapley Fam A/C	2,000,000	0.86
20.	Fend Li		2,000,000	0.86
	Top 20 Total		**158,914,667**	**68.21**

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(iii) VOTING RIGHTS

Articles 15 on 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 2013.

Name	**Ordinary Shares**	
	No.	**%**
Union Group International Holdings Ltd	43,607,675	18.72

(b) OPTIONS

As at 13 September 2013, there existed the following quoted options:

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

(i) DISTRIBUTION OF OPTIONHOLDERS:

SPREAD OF HOLDINGS	NO. OF SHARES	NO. OF HOLDERS	SECURITIES	PERCENTAGE OF ISSUED CAPITAL %
NIL holding				
1 –	1,000	2	806	0.00
1,001 –	5,000	11	33,316	0.02
5,001 –	10,000	5	39,547	0.03
10,001 –	100,000	95	4,693,861	3.40
100,001 –		128	133,229,410	96.55

Total on register	**241**	**137,996,940**	**100.00**

ASX ADDITIONAL INFORMATION *(continued)*

(b) OPTIONS *(continued)*

(ii) TOP HOLDER OF QUOTED OPTIONS:

	NAME	DESIGNATION	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1.	Nefco Nom PL		12,578,725	9.12
2.	Wealthystar Grp Ltd		9,444,065	6.84
3.	ABN Amro Clearing Sydney	Cust A/C	8,526,343	6.18
4.	Brycki Mark W + N J	Brycki Pension Fund	8,000,000	5.80
5.	BNP Paribas Noms PL	Drp	4,715,379	3.42
6.	Finebase Hldgs PL	Finebase A/C	4,000,685	2.90
7.	Avotins Julie		3,692,597	2.68
8.	Spagnolo Giovanni	Marcus Deluca A/C	3,495,889	2.53
9.	Global Pearl Ltd		3,400,000	2.46
10.	Finebase Hldgs PL		3,247,273	2.35
11.	JP Morgan Nom Aust Ltd	Cash Income A/C	3,078,095	2.23
12.	Leuzzi Joe + Sally		3,000,000	2.17
13.	Celtic Cap Pte Ltd	Trading A/C 1	3,000,000	2.17
14.	Wise Daniel Paul	Ark Inv A/C	2,547,944	1.85
15.	Flue Hldgs PL		2,397,944	1.74
16.	Boland Kieran James A		2,393,637	1.73
17.	Morgan Dennis C + G M	Graden S/F A/C	2,221,819	1.61
18.	Goffacan PL		2,000,000	1.45
19.	Brycki Christopher		2,000,000	1.45
20.	Fend Li		2,000,000	1.45
	Top 20 Total		**85,740,395**	**62.13**

(iii) VOTING RIGHTS

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

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 13 September 2013 there existed the following unquoted options:

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

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

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

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

(iii) VOTING RIGHTS

Holders of options are not entitled to vote a General Meeting of Members in person, by proxy of 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 2013 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[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1		✓	Recommendation 4.3		✓
Recommendation 1.2		✓	Recommendation 4.4		✓
Recommendation 1.3	✓		Recommendation 5.1		✓
Recommendation 2.1	✓		Recommendation 5.2		✓
Recommendation 2.2	✓		Recommendation 6.1		✓
Recommendation 2.3		✓	Recommendation 6.2		✓
Recommendation 2.4		✓	Recommendation 7.1		✓
Recommendation 2.5	✓		Recommendation 7.2		✓
Recommendation 2.6	✓		Recommendation 7.3		✓
Recommendation 3.1	✓		Recommendation 7.4		✓
Recommendation 3.2	✓		Recommendation 8.1		✓
Recommendation 3.3	✓		Recommendation 8.2		✓
Recommendation 4.1		✓	Recommendation 8.3		✓
Recommendation 4.2		✓			

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

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

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

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

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

1. BOARD OF DIRECTORS

1.1. Role of Board

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

Further, the Board takes specific responsibility for:

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

1.1. Role of Board *(continued)*

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

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

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

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

1.2. Terms of Office of Directors

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

1.3. Composition of the Board and Independence

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

Name	Position	Independent	Expertise
Oscar Leon	Director	Yes	Refer to Director's Report
Juan Martin Jorge	Director	Yes	Refer to Director's Report
Andrew Draffin	Director	Yes	Refer to Director's Report
Malcolm Draffin	Director	Yes	Refer to Director's Report
Daniel Bruno	Director	Yes	Refer to Director's Report

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

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

1. BOARD OF DIRECTORS *(continued)*

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

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

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

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

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

1.4. Monitoring of Board Performance

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

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

1.5. Independent Professional Advice

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

2. BOARD COMMITTEES

2.1. Nomination Committee

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

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

2.1. Nomination Committee *(continued)*

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

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

2.2. Audit Committee

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

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

The majority of the Board is independent, all Directors are financially literate and the qualifications of Mr Leon, Mr Jorge, Mr A.Draffin, Mr M.Draffin and Mr Bruno provides sufficient technical expertise to provide valuable insight to allow the Board to verify and safeguard the integrity of the Company's financial statements.

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

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

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

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

2.3. Remuneration Committee

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

2. BOARD COMMITTEES *(continued)*

2.3. Remuneration Committee *(continued)*

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

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

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

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

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

3. ETHICAL STANDARDS

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

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

4. DIRECTORS' DEALINGS IN COMPANY SHARES

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

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

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

5. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

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

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

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

6. RESPECT THE RIGHTS OF SHAREHOLDERS

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

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

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

7. RECOGNISE AND MANAGE RISK

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

CORPORATE GOVERNANCE STATEMENT *(continued)*

7. RECOGNISE AND MANAGE RISK *(continued)*

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

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

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

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