



The General Meeting of

GLADIATOR RESOURCES LIMITED

ABN 58 101 026 859

Will be held at

11 AM (AEDT) on Monday, 6 February 2017

At

Level 4, 91 William Street, Melbourne VIC 3000

GLADIATOR RESOURCES LIMITED

ABN 58 101 026 859

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Gladiator Resources Limited (the **Company**) will be held at:

Level 4, 91 William Street,
Melbourne, Victoria

at 11 am (AEDT) on Monday, 6 February 2017.

This Notice of General Meeting is accompanied by an Explanatory Memorandum and Proxy Form which contain important information regarding the matters to be considered at the meeting and how to vote on the proposed resolution. The Proxy Form and Explanatory Memorandum form part of this Notice of General Meeting and should read together with this Notice.

Business

The business of the meeting concerns the proposed sale by the Company of all of its interests in the Company's Uruguayan assets and operations as described in the Explanatory Memorandum. The proposed sale will, subject to shareholders approving the resolution set out in this Notice, result in the Company disposing of its main undertaking, being its mineral exploration projects in Uruguay.

There is only one resolution to be put to the meeting in accordance with this Notice, as set out below.

Resolution – Sale of Uruguayan Operations

Shareholders are asked to consider and, if thought fit, to pass the following resolution as an ordinary resolution:

'That, for the purposes of ASX Listing Rule 11.2 and for all other purposes, approval is given for the disposal by the Company of all of its interests in the share capital of each subsidiaries domiciled in Uruguay (as described in the Explanatory Memorandum) to Metamila Limited, and the resulting disposal of the Company's main undertaking, on the terms and conditions set out in the Explanatory Memorandum.'

Voting Exclusion Statement

As required by ASX Listing Rule 11.2, the Company will disregard any votes cast on the resolution by:

- any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Instructions

Voting instructions and restrictions are set out in the notes to this Notice of General Meeting.

If you cannot attend the General Meeting, you are strongly urged to complete the Proxy Form and return it to the Company (see Proxy Form for details).

The Directors unanimously recommend the approval of the Resolution contained in this Notice of Meeting and encourage eligible Shareholders to vote in favour of the Resolution.

The Chairman of the meeting intends to vote undirected proxies in favour of the Resolution. If you intend to appoint the Chairman of the meeting as your proxy, you can direct him to vote by marking the box for the Resolution.

BY ORDER OF THE BOARD



Andrew Draffin
Company Secretary
Gladiator Resources Limited
Dated: 4 January 2017

GLADIATOR RESOURCES LIMITED

ABN 58 101 026 859

EXPLANATORY MEMORANDUM

This Explanatory Memorandum forms part of the Notice of General Meeting dated 4 January 2017 and should be read in conjunction with that Notice as this Explanatory Memorandum contains important information on the proposed Resolution.

1. Background

As announced on 15 December 2016, the Company has entered into a Share Sale Agreement dated 14 December 2016 (**SSA**) pursuant to which the Company has agreed to sell to Metamila Limited, an independent third party incorporated in Belize (**Purchaser**) all of the issued capital in each of the Company's six wholly-owned Uruguayan subsidiaries (**Uruguayan Entities**) as described in Section 3.1 of this Explanatory Memorandum, on the terms and conditions set out below (**Transaction**).

As at the date of the Notice of Meeting, the Company's sole assets consist of mineral exploration licences and associated exploration activities and operations in Uruguay, undertaken by the Uruguayan Entities. Following the Transaction, the Company will cease to have any rights, title or interest in those assets or operations in Uruguay and as such will cease to hold any material asset or undertake any material exploration activities unless and until the Company acquires a replacement asset or operations.

Pursuant to ASX Listing Rule 11.2, where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders. Accordingly, the Company seeks shareholder approval to proceed with the Transaction and, in accordance with Listing Rule 11.2 to dispose of its main undertaking as set out further below.

This Explanatory Memorandum sets out important information regarding the terms of the Transaction, the affect the Transaction will have on the Company's current and future undertakings and the Company's financial position prior to and following the Transaction. This Explanatory Memorandum further includes a summary of the key risks, identified by the Board, in both approving and not approving the Transaction. Shareholders are encouraged to read this Explanatory Memorandum, together with the Notice of Meeting, in its entirety. In the event that you are unsure how to vote your shares or the impact if the Transaction on the future of the ongoing operations of the Company, you should seek advice from your lawyer, accountant, broker or other professional adviser.

2. Key Terms

The material terms of the SSA and the Transaction thereunder are as follows:

2.1. Sale and Purchase of Shares

Subject to certain conditions precedent being satisfied, on or before 13 February 2017, the Company will transfer or procure the transfer of all of the shares in each of the Uruguayan Entities (as set out in section 2.2) to the Purchaser, such that the Purchaser shall become the legal and beneficial owner of all of the issued capital in each of those entities.

At completion of the Transaction, the Uruguayan Entities shall be delivered on a cash free, debt free basis (save for any committed but not yet accrued exploration expenditure), or otherwise as agreed, as summarised in Section 2.2 below. Completion under the SSA is scheduled to occur 5 Business Days after satisfaction of the last condition precedent. As at the date of this Notice, the Board anticipate completion of the Transaction occurring 5 Business Days after shareholder approval is obtained, being 13 February 2017.

2.2. Consideration

The consideration payable to the Company at Completion is to be determined 5 Business Days prior to completion in accordance with the SSA, being an amount equal to the aggregate of all outstanding debts and liabilities of each Uruguayan Entity, as recorded in their respective unaudited financial records on that date (including any provision for accrued interest).

As at the date of this Notice the total debts and liabilities recorded in the management accounts of the Uruguayan Entities total approximately AUD\$1,850,000.

Whilst the Purchaser is required to pay the consideration calculated per the above, in clear and available funds at Completion, the net available cash proceeds which will be received by the Company will effectively be nil. This results from the Company being obligated to repay or discharge the debts and liabilities of each Uruguayan Entities, as recorded in the financial records and used to determine the total consideration, which obligation must be satisfied on or before Completion.

In principle, the total consideration to be paid to the Company will be immediately paid out in satisfaction of the recorded liabilities as required. As making repayment of such a material sum, contemporaneously with receiving the consideration is likely to be impractical, the SSA provides that the Purchaser:

- A. may elect prior to Completion to assume any of those liabilities due for repayment by the Company and provided the Company is released by the relevant creditor from any obligation to pay any amount on account of the relevant payable on and from Completion, then the total consideration shall be reduced by the amount of the liability assumed by the Purchaser; and
- B. is entitled, at Completion, to direct any portion of the consideration then due directly to a third party in satisfaction of any payables which are the Company's obligations and remain outstanding as at that date.

Where the Purchaser satisfies any portion of the consideration as provided for above, that action shall not affect the financial impact or benefit of the Transaction on the Company.

Section 4 sets out the current liabilities of the group and the financial impact of the Transaction in more detail.

2.3. **Conditions Precedent**

Completion of the Transaction is subject to and conditional upon certain conditions precedent being satisfied or waived, as follows:

- (a) each party completing due diligence investigation into the other party, to the investigating party's satisfaction;
- (b) the Company's Shareholders resolving to approve the Transaction;
- (c) no rights being exercised or claim being commenced by the Company's joint venture partner, Orosur Mining Inc. (**Orosur**) or any of its subsidiaries, seeking to acquire the Company's interest in the Uruguayan Entities;
- (d) the parties obtaining all necessary regulatory approvals; and
- (e) the Purchaser agreeing to assume all of the Company's rights, interests, obligations and liabilities and to forever indemnify the Company against any loss, damage, or claim arising under the Option and Joint Venture Agreement (**JV Agreement**) between the Company, Ferrominas Sociedad Anomina (one of the Uruguayan Entities) and each of Orosur and select Orosur subsidiaries and the Purchaser entering into a deed with the Company to effect that assignment and indemnity on and from Completion.

(each a **Conditions Precedent**).

Failure to satisfy a Condition Precedent by the last date for satisfaction specified in the SSA shall entitle the other party, provided it has complied with its obligations thereunder, to terminate the SSA by notice in writing to the other party.

As at the date of this Notice, the only outstanding Condition Precedent is the approval of the Transaction by the Company's shareholders pursuant to this Notice of Meeting. All other Conditions Precedent have been satisfied.

2.4. **Assumption of Obligations**

In accordance with Condition Precedent 2(e), the Purchaser has agreed, on and from Completion of the Transaction to assume all of the Company's rights, title, interest, obligations and liabilities arising under or by virtue of the Joint Venture Agreement governing the Zapucay Project as between the Company and Ferrominas (of the one part) and Orosur and its subsidiaries (of the other part).

The Company has been advised that entering into the Deed of Assumption and Indemnity is a necessary step to ensure that the Company's rights, obligations and liabilities under the JV Agreement will be assumed by the Purchaser, and that the Purchaser will specifically indemnify the Company from and against any liabilities arising thereunder.

2.5. Other Obligations

Until completion of the Transaction, the Company is obliged to ensure that each of the Uruguayan Entities:

- (a) does not enter into any contract or commitment in respect of any Uruguayan Entity not in the ordinary course of its business;
- (b) does not enter into any contract or commitment which materially restricts or restrains the Uruguayan Entities from competing with any persons or from conducting activities in any material market;
- (c) does not create an encumbrance of any kind over any of its interests other than in the ordinary course of its business;
- (d) does not grant any option to subscribe for any security in the Uruguayan Entities or allot or issue or agree to allot or issue any security, share or loan capital or any security convertible into any share or loan capital in the Uruguayan Entities; and
- (e) complies with all laws and authorisations.

Further, at completion:

- (a) the current directors of each Uruguayan Entity shall resign and the Purchaser shall appoint its nominated representatives as directors of each of those entities as it determines; and
- (b) The Purchaser shall deliver a duly executed and binding Deed of Assumption and Indemnity in respect of any rights, title, interest, obligations or liabilities of the Company pursuant to the JV Agreement of the operations thereunder.

3. Company's Current Interests

The Company's current interests and undertakings, as stated above, consist solely of its exploration assets and activities in Uruguay which are owned and operated through the Uruguayan Entities, as detailed further in this section.

3.1. Uruguayan Entities

The Company's interests being disposed of pursuant to the SSA consist of all of the issued capital in each of the Company's subsidiaries incorporated and domiciled in Uruguay, being the entities and the shares particularised in the table below.

In respect of the Uruguayan Entity, Floniler Sociedad Anonima (Company Number 216411140018), the Company holds the shares in that entity through its wholly owned Australian subsidiary, Ferrous Resources Pty Ltd (ACN 144 729 546) which is a party to the SSA for the purposes of selling the shares in that Uruguay company.

| Uruguayan Entity | Company Number | Address Details | Sale Shares [Number/Class] | Registered Holder of Sale Shares |
|------------------|----------------|---|----------------------------|----------------------------------|
| Ferrominas S.A. | 216390100012 | Plaza Independencia 737 piso – Montevideo, Uruguay | 240,000 Bearer shares | Gladiator Resources Limited |
| Floniler S.A. | 216411140018 | Plaza Independencia 737 piso 1- Montevideo, Uruguay | 224,000 Nominative shares | Ferrous Resources Pty Ltd |
| Joutes S.A. | 216693850018 | Cooper 1938 – Montevideo, Uruguay | 20,000 Bearer shares | Gladiator Resources Limited |
| Hamfu S.A. | 2166693870019 | Cooper 1938 – Montevideo, Uruguay | 20,000 Bearer shares | Gladiator Resources Limited |
| Kyntu S.A. | 216693840012 | Cooper 1938 – Montevideo, Uruguay | 20,000 Bearer shares | Gladiator Resources Limited |
| Rolben S.A. | 216752010017 | Cooper 1938 – Montevideo, Uruguay | 20,000 Bearer shares | Gladiator Resources Limited |

3.2. Joint Venture and underlying assets

The Company's primary asset consists of a 51% interest in a joint venture iron ore and mineral exploration project in the Isla Cristallina Belt in Northern Uruguay, known as the Zapucay Project. The interests in the Zapucay Project are subject to an Option and Joint Venture Agreement between the Uruguayan Entity, Ferrominas S.A. and TSX listed entity Orosur and its subsidiaries. The Company's interest in the joint venture tenements is held by Ferrominas S.A. with each of the Uruguay Entities, Joutes S.A. and Kyntu S.A. having been interposed as the registered holders of certain joint venture tenements on behalf of Ferrominas S.A.

In addition to the Company's interest in the Zapucay Project, the Company holds a 100% interest in two exploration licence applications through the Uruguayan Entity, Ferrominas S.A. located in close proximity to the Zapucay Project area in Northern Uruguay.

As previously disclosed by the Company, the Company continues to be in dispute with the joint venture parties over the Company's joint venture interest earned upon satisfaction of the phase two of the Company's three phase earn in program, and the parties have failed to move closer to a resolution of that dispute. Further, due to the scarcity of exploration funding available to the Company, the Company has had to reduce its exploration activities. However, as joint Venture operator, the Company continues to incur significant holding costs associated with keeping the joint venture assets in good standing resulting in the Company carrying an increased debt burden associated with its current Uruguayan assets.

3.3. Current Liabilities

The Company's Audited Financial Statement for the year ending 30 June 2016 provides for total consolidated liabilities of the group in the amount of AUD\$2,109,210. As at the date of this Notice the Uruguayan Entities, which are included in the Company's financial reporting as a consolidated group, have current liabilities of approximately AUD\$1.85 million. The liabilities are principally made up of a loan provided by an independent third party to Ferrominas S.A. for the purposes of conducting exploration works and maintenance on the Zacupay Project, as announced on 9 September 2015 (**Ferrominas Loan**), together with approximately \$944,486 in trade and other payables associated with exploration activities and maintenance of the group's Uruguayan assets.

The total amount outstanding under that Ferrominas Loan is approximately AUD\$842,859 as at the date of this Notice. The Company provided a guarantee under the Ferrominas Loan, guaranteeing the performance and repayment thereof by Ferrominas S.A. The terms of the Ferrominas Loan provide for repayment of all outstanding amounts thereunder to be made in full upon 60 days' notice by the creditor. Notice of repayment may be served by the creditor at any time after 31 December 2016, resulting in an earliest date of repayment of 1 March 2017.

4. Effect of Transaction

4.1. Overview and Continued Quotation

If Shareholders resolve to approve the Transaction in accordance with this Notice then, upon completion of the Transaction, the Company will cease to have any material assets or operations.

Listing Rules 12.1 and 12.2 provide, as an on-going requirement, that the Company must maintain sufficient levels of operation and adequate financial condition to warrant continued quotation of its securities, in ASX's opinion. Further, under Listing Rule 12.3 quotation of the Company's securities may be suspended where half or more of the Company's assets are made up of cash or other assets readily convertible into cash.

Whilst Listing Rule 12.3 does not generally apply to mining exploration entities, such as the Company, the Transaction will result in the Company ceasing to carry on any mineral exploration activities and, as such, ASX may exercise their discretion to suspend quotation of the Company's securities following completion of the Transaction, pursuant to Listing Rule 12.3, or otherwise pursuant to Listing Rules 12.1 or 12.2.

Notwithstanding the above, ASX policy provides that, in the event of an entity disposing of its main undertaking, ASX will not ordinarily exercise its discretion to suspend quotation of that entity's securities for a period of up to six months following completion of the disposal in order to allow the entity to enter into a transaction or embark on a new undertaking to satisfy the on-going quotation requirements under Listing Rule Chapter 12.

The Board is actively pursuing and examining prospective exploration assets and projects with a view to acquiring an interest or interests in alternative projects which present value to shareholders and are in line with the Company's objectives as a mineral exploration company, both within Australia and abroad. Whilst the Board has undertaken preliminary discussions and evaluation of several prospective exploration project over the course of the previous 12-24 months, to date it has not identified any viable projects or assets which fit the Company's direction or are sufficiently prospective to warrant further consideration. The Board's intention as set out further below is to continue to seek out new opportunities following the Transaction.

If shareholders approve the Resolution and the Transaction is concluded, the Company expects that its securities will continue to be quoted for up to six months whilst the Company continues to evaluate alternative projects, in line with ASX's published guidance. However, shareholders should note that, in the event that the Company does not identify and enter into an agreement to acquire a suitable project or embark upon a sufficient new undertaking within six months of completion of the Transaction, or if the Company enters into a transaction or

undertaking which requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules as a result, then the Company's securities may be suspended from quotation until such time as it is able to satisfy the on-going quotation requirements or chapters 1 and 2 of the Listing Rules, as applicable.

4.2. Financial effect

The financial impact of the Transaction on the Company is set out in the pro forma consolidated balance sheet set out below. If shareholders approve the Transaction, on completion the Company is expected to be entitled to receive consideration of approximately \$1.85 million, dependent upon the total liabilities of the Uruguayan Subsidiaries as at the calculation date. However, as summarised in section 2.2, the net proceeds to be received by the Company following Completion are expected to be nil, as the total sum payable by the Purchaser will be applied to satisfy the liabilities of the Uruguayan Entities or will otherwise be set off against those liabilities which are not repaid.

As a result of the Transaction the Company's current liabilities will be reduced by an amount equal to the consideration received, which will include the discharge of the Ferrominas Loan guaranteed by the Company, as referred to in section 3.3 above. The total consolidated liabilities of the Company following completion are estimated to be AUD\$346,949 as per section 4.3 below.

Following Completion of the Transaction, the Company's net asset value is expected to reduce from a total net asset value of AUD\$2,498,291 as at the date of this Notice to a net asset deficiency of approximately AUD\$294,851. The reduction in the net asset value following the Transaction arises as the disposal of the underlying Uruguayan assets has the effect of crystallising the exploration costs associated with those assets as unrecoverable and consequently the accounting treatment of the disposal results in the impairment of those asset.

The Board notes that the Company will require additional funding early in 2017 to meet its ongoing working capital requirements and those outstanding liabilities of the Company which will not be satisfied at completion of the Transaction. As a result of the Company having now entered into the SSA to effect the Transaction, the Board considers the Company is better placed to obtain funding on reasonable commercial terms and will now seek to raise the required funding, preferably by way of a private placement early in 2017.

In respect of the proposed placement which the Board will look to undertake in the first quarter of 2017, the Company notes ASX guidance note 12 which provides that any capital raising, particularly by way of placement, undertaken in the lead up to, or after, the announcement of a proposed transaction to which Listing Rule 11.1 applies (being a change to the nature or scale of the Company's activities), ASX will examine the nature of the capital raising and may classify the securities issued under that raising as restricted securities the subject of the escrow requirements in Chapter 9 of the Listing Rules where the cash raised is in the nature of seed capital or the shares are issued to a promoter of the relevant transaction to which Listing Rule 11.1 applies. Further, in exercising its discretion to classify those securities as restricted securities, ASX may also determine not to quote any of those securities issued pursuant to such capital raising.

4.3. **Consolidated Statement of Financial Position**

A consolidated balance sheet is set out below, illustrating the financial impact of the Transaction, on the basis of the following assumption:

- no additional debts or liabilities have been incurred or will arise for the account of the Company or any of its subsidiaries since the 30th of June 2016 as set out in the audited annual financial accounts of the Company; and
- the total consideration payable by the Purchaser at Completion will be \$1.85 million.

GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES
ABN: 58 101 026 859

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 30 June 2016 \$ | Effect of transaction \$ | Pro Forma Balance \$ |
|--------------------------------------|-------------------------|-----------------------------|-------------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 60,897 | (12,384) | 48,513 |
| Trade and other receivables | 78,994 | (75,409) | 3,585 |
| TOTAL CURRENT ASSETS | <u>139,891</u> | | <u>52,098</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 610 | (610) | - |
| Exploration expenditure | 5,467,000 | (5,467,000) | - |
| TOTAL NON-CURRENT ASSETS | <u>5,467,610</u> | | <u>-</u> |
| TOTAL ASSETS | <u><u>5,607,501</u></u> | | <u><u>52,098</u></u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 1,291,435 | (944,486) | 346,949 |
| Borrowings | 817,775 | (817,775) | - |
| TOTAL CURRENT LIABILITIES | <u>2,109,210</u> | | <u>346,949</u> |
| NON-CURRENT LIABILITIES | | | |
| Borrowings | - | - | - |
| TOTAL NON-CURRENT LIABILITIES | <u>-</u> | | <u>-</u> |
| TOTAL LIABILITIES | <u>2,109,210</u> | | <u>346,949</u> |
| NET ASSETS | <u><u>3,498,291</u></u> | | <u><u>(294,851)</u></u> |
| EQUITY | | | |
| Issued capital | 18,888,802 | - | 18,888,802 |
| Reserves | (224,753) | 224,753 | - |
| Accumulated losses | (15,165,758) | (4,017,895) | (19,183,653) |
| TOTAL EQUITY | <u><u>3,498,291</u></u> | | <u><u>(294,851)</u></u> |

4.4. Operational effect

As the Company's exploration operations consist entirely of the exploration interests held through its Uruguayan subsidiaries in the Zapucay Joint Venture Project (together with the current exploration tenement applications

In the event that shareholders do not approve the Transaction, the SSA shall be terminated and the Company will continue its exploration activities in Uruguay, including the exploration and management of the Zapucay Project pursuant to the JV Agreement. The Board notes that continuing its present operations is likely to result in the Company's liabilities continuing to increase substantially as a result of carrying out those operations and complying with the JV Agreement, which liabilities the Company may be unable to satisfy. In the absence of obtaining alternative debt funding on favourable terms or material capital investment, the continuation of current operations is likely to become unviable within less than 12 months.

In the event that the Transaction is approved by shareholders then the total consideration payable to the Company will be immediately and wholly applied in repayment of (or otherwise set-off against) the group's current liabilities, including the full and final satisfaction of the Ferrominas Loan in the sum of approximately AUD\$842,859, which liability the Company has expressly guaranteed on behalf of Ferrominas S.A.. Following completion thereof which the Company will no longer have operations in Uruguay, and will no longer have any exploration asset or operations. The Company will maintain and be solely responsible for total estimated liabilities post completion of AUD\$346,949, which liabilities include approximately AUD\$131,250 in outstanding director's fees together with other trade payables.

Following Completion, the Board will continue to actively seek out and examine prospective exploration assets and projects with a view to acquiring an interest or interests in viable exploration projects which are in line with the Company's objectives as a mineral exploration company, both within Australia and abroad.

5. Advantages and Disadvantages

5.1. Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolution:

- (a) The consideration received under the Transaction will result in the reduction of the Company's debts.
- (b) The Transaction and the resulting reduction in the Company's debt will provide the Company with greater ability to progress negotiations on alternative exploration projects currently being evaluated and which the Board considers will add value to Shareholders.
- (c) Completion of the Transaction will resolve the ongoing dispute between the Company and Orosur, with the Purchaser assuming all of the Company's rights, obligations and liabilities under the JV Agreement pursuant to the Deed of Assumption and Indemnity.

5.2. Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Resolutions:

- (a) The Transaction involves the Company selling its main undertaking, which may not be consistent with the investment objectives of all Shareholders.
- (b) There is a risk the Company may not be able to identify another suitable investment opportunity or to successfully undertake a project or consummate a transaction to acquire a prospective project interest within a reasonable time, resulting in:
 - (i) the Company having no operations for an extended period of time; and/or
 - (ii) if not achieved within 6 months of the Transaction, the Company being suspended from the Official List of the ASX in accordance with the Listing Rules.

6. Risks

Shareholders should be aware that if the Resolution is approved, and the Conditions Precedent satisfied the Company will proceed with the Transaction and dispose of all of the issued capital in the Uruguayan Entities (together with the assets thereof). If the Company proceeds with the Transaction, the Company will cease to have any material operations or assets following Completion and the Company may be unable to source or otherwise acquire a suitable replacement asset within a reasonable time. There is a risk that, following the transaction that the ASX may exercise its discretion under Listing Rules 12.1, 12.2 or 12.3 and suspend the Company's securities from quotation for an indefinite period.

In addition to the risk of suspending from quotation, any continued lack of operation or material assets for any extended period is likely to further reduce the Company's access to further capital, with by debt or equity and as such the Transaction may result in the Company ceasing to be a going concern.

Further in the absence of a suitable project, the market in the Company's securities may become depressed and there may not be sufficient volume for existing shareholders to trade in the Company's securities during such period.

7. Directors' Recommendations

The Directors do not have any material personal interests in the outcome of the Resolution and unanimously recommend that Shareholders vote in favour of the Resolution as they consider the proposed Transaction to be in the best interests of Shareholders having regard to the advantages and disadvantages referred to in section 5 the Directors are of the view that the advantages outweigh the disadvantages.

8. Resolution - Approval for Disposal of Main Undertaking

8.1. General

Resolution seeks approval from Shareholders for the Transaction and the resulting disposal by the Company of its main undertaking.

As detailed in section 1, the Company has entered into a SSA to dispose of all of the issued capital in the Uruguayan Entities which constitute the Company's main undertaking.

8.2. Reasons for Seeking Shareholder Approval

ASX Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the approval of its shareholders.

Completion of the Transaction will result in the Company making a disposal to the Purchaser of the Uruguayan Entities and the Company's underlying beneficial interest in all of its current exploration assets and undertakings, principally consisting of its joint venture interest in the Zapucay Project. As set out above, the effect of the Transaction will result in the Company having no material assets or undertakings post completion.

8.3. Voting Exclusion

As required by ASX Listing Rule 11.2, the Company will disregard any votes cast on the resolution by:

- any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed; and
- an associate of that person (or those persons).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. GLOSSARY

The capitalised following terms appearing in this Explanatory Memorandum have the meaning ascribed below, unless the context expressly requires otherwise:

- (a) **AEDT** means Australian Eastern Daylight Time;
- (b) **ASIC** means the Australian Securities and Investments Commission;
- (c) **ASX** means ASX Limited or the Australian Securities Exchange, as the context requires;
- (d) **Board** means the Directors acting as the board of Directors of the Company or a committee appointed by such board of Directors;
- (e) **Company** or **GLA** means Gladiator Resources Limited (ACN 143 526 096);
- (f) **Completion** means completion of the Transaction in accordance with the SSA;
- (g) **Corporations Act** means the *Corporations Act 2001* (Cth);
- (h) **Director** means a Director of the Company;
- (i) **Ferrominas Loan** means the loan agreement between *Rivera Minerales Limited* as creditor and *Ferrominas S.A.* as debtor, as announced by the Company on 9 September 2015, which loan is guaranteed by the Company;
- (j) **JV Agreement** means the joint venture agreement between Option and Joint Venture Agreement dated 29 July 2000 entered into between the Company, *Ferrominas S.A.* and each of Orosur and each of the subsidiaries of Orosur named therein;
- (k) **Listing Rules** means the Listing Rules of the ASX;
- (l) **Notice** means the Notice of General Meeting dated 3 January 2017, together with the accompanying Explanatory Memorandum and Proxy Form;
- (m) **Orosur** means Orosur Mining Inc, a company incorporate under the laws of Canada and whose shares are quoted on the Toronto Stock Exchange;
- (n) **Purchaser** means Metamila Limited;
- (o) **Resolution** means the resolution to be put to the meeting as set out in the Notice of Meeting
- (p) **Shareholder** means a holder of fully paid ordinary shares in the Company;
- (q) **SSA** means the Share Sale Agreement between the Company and its subsidiary Ferrous Resources Pty Ltd, as vendor, and Metamila Limited, as purchaser, for the sale and purchase of all of the issued capital in the Uruguayan Entities, dated 14 December 2016; and
- (r) **Transaction** means the disposal of all of the shares in the Uruguayan Entities in accordance with the SSA.

Proxy Form

Proxy, representative and voting entitlement instructions

Proxies and representatives

A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

Shareholders who are a body corporate are able to appoint representatives to attend and vote at the meeting under section 250D of the *Corporations Act 2001* (Cth).

The proxy form must be signed by the shareholder or his/her attorney duly authorised in writing or, if the shareholder is a corporation, in a manner permitted by the *Corporations Act*.

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be **deposited at, posted to, or sent by facsimile transmission to the address listed below**, before 11 am (AEDT) 4 February 2017, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Gladiator Resources Limited

Level 4, 91 William Street, Melbourne Victoria 3000

Facsimile No: (+61 3) 9620 0070.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's share registry.

A proxy form is attached to this notice.

Voting entitlement

For the purposes of determining voting entitlements at the Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 11 am (AEDT) 4 February 2017. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Proxy Form

Signing instructions

You must sign the proxy form as follows in the spaces provided:

- Individual: Where the holding is in one name, the holder must sign.
- Joint Holding: Where the holding is in more than one name, all of the security holders should sign.
- Power of Attorney: To sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
- Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary.

Please indicate the office held by signing in the appropriate place.

Proxy Form

I / We _____

of _____

being shareholder(s) of Gladiator Resource Limited ABN 58 101 026 859 (**Company**)

hereby appoint:

of: _____

or failing him/her:

of: _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the general meeting of the Company to be held at Level 4, 91 William Street, Melbourne, on 6 February 2016, commencing at 11 a.m. (AEDT) and at any adjournment thereof in respect of all of my/our shares in the Company unless otherwise specified below.

Use of Proxy

Direction on how to vote

If you wish to direct the Proxy how to vote, **please place a mark in the appropriate boxes below.**

Please note: If you mark the Abstain box for a resolution, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

I/we direct my/our proxy to vote as indicated below:

| Resolution | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Sale of Uruguayan Operations | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Proxy Form

Chairman's Voting intention

The Chair intends on voting all undirected proxies in favour of the Resolution.

In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

No Direction on how to vote - General

If you do **not** direct your proxy on how to vote as your proxy in respect of the resolution/s, the Proxy may cast your vote as the Proxy thinks fit or may abstain from voting. By signing this appointment you acknowledge that, subject to the *Corporations Act 2001* (Cth), the Proxy may exercise your proxy even if he/she has an interest in the outcome of the resolution/s and even if votes cast by him/her other than as proxy holder will be disregarded because of that interest.

Apportionment - Multiple Proxies

If two proxies are appointed, the proportion of voting rights this proxy is authorised to exercise is %. (An additional proxy form will be supplied by the Company on request)

Apportionment - Multiple Shares

If you wish to appoint the proxy to exercise voting power over only some of your shares, the number of shares in respect of which this proxy is to operate is shares. (Note: proxy will be over all shares if left blank)

Individual or Security holder
1

| |
|--|
| |
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Sole Director and
Sole Company Secretary (If
appointed)

Security holder 2

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

Director

Security holder 3

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

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date