

# **GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES**

**ABN: 58 101 026 859**

**Financial Report For The Half Year Ended  
31 December 2014**

# **GLADIATOR RESOURCES LIMITED AND CONTROLLED ENTITIES**

**ABN: 58 101 026 859**

## **Financial Report For The Half Year Ended 31 December 2014**

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The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in an annual financial report. It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by the Company since 30 June 2014 in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859 AND CONTROLLED ENTITIES**  
**DIRECTORS' REPORT**

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Gladiator Resources Limited and its controlled entities for the half year ended 31 December 2014.

**General Information**

**Directors**

The following persons were directors of Gladiator Resources Limited during or since the end of the financial year up to the date of this report:

Mr Michael Neundlinger  
Mr Malcolm Draffin  
Mr Andrew Draffin

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

**DIRECTORS' REPORT**

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half year.

**Review of Operations**

The consolidated loss for the six month period ended 31 December 2014 was \$891,827. (2013 loss: \$167,371)

The net assets and cash reserves of the Group as at 31 December 2014 were \$5,369,346 and \$499,668 respectively.

During the six months ending 31 December 2014 the Company continued to review the existing data of the Zapucay Project with a view of refining the existing geological model for the project. The previously released scoping study for the project was also revisited in light current market conditions which has led the Company to review its development strategy going forward.

**Auditor's Independence Declaration**

The lead auditor's independence declaration is included on page 2 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s. 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors



Mr Andrew John Draffin  
Director  
Dated: 16 March 2015

**DECLARATION OF INDEPENDENCE BY GARETH FEW TO THE DIRECTORS OF GLADIATOR RESOURCES LIMITED**

As lead auditor of Gladiator Resources Limited for the period ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Gladiator Resources Limited and the entities it controlled during the period.



**Gareth Few**

Partner

**BDO East Coast Partnership**

Sydney, 16 March 2015

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE  
INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|                                                                                                        | <b>Consolidated Group</b>   |                             |
|--------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
|                                                                                                        | <b>31 December<br/>2014</b> | <b>31 December<br/>2013</b> |
|                                                                                                        | <b>\$</b>                   | <b>\$</b>                   |
| <b>Continuing operations</b>                                                                           |                             |                             |
| <b>Other income</b>                                                                                    | 10,858                      | 15,555                      |
| Net foreign exchange gain                                                                              | -                           | 81,747                      |
| Employee benefits expense                                                                              | -                           | -                           |
| Administration expenses                                                                                | (177,551)                   | (708,411)                   |
| Audit and tax remuneration                                                                             | (81,836)                    | (131,339)                   |
| Company secretarial fees                                                                               | (23,335)                    | -                           |
| Consulting fees                                                                                        | (18,747)                    | (49,657)                    |
| Directors' benefits expense                                                                            | (37,500)                    | (72,431)                    |
| Exploration expenditure (written off)                                                                  | (967,490)                   | -                           |
| Fees and permits                                                                                       | (1,729)                     | (1,969)                     |
| Insurance                                                                                              | (6,190)                     | -                           |
| Legal costs                                                                                            | (20,631)                    | (170,193)                   |
| Rent and outgoings                                                                                     | (845)                       | (30,000)                    |
| Share registry maintenance fees                                                                        | (4,202)                     | (3,909)                     |
| Taxes and licences                                                                                     | (963)                       | -                           |
| Travel and accommodation                                                                               | (13,113)                    | (16,464)                    |
| Other expenses                                                                                         | (2,593)                     | (19,615)                    |
| Realised foreign currency loss                                                                         | (28,353)                    | -                           |
| Interest expense                                                                                       | (756)                       | -                           |
| Depreciation and amortisation expense                                                                  | (8,294)                     | (13,967)                    |
| <b>Loss before income tax</b>                                                                          | <b>(1,383,270)</b>          | <b>(1,120,653)</b>          |
| Income tax benefit                                                                                     | 491,443                     | 953,282                     |
| <b>Net Loss from continuing operations</b>                                                             | <b>(891,827)</b>            | <b>(167,371)</b>            |
| <b>Net Loss for the year</b>                                                                           | <b>(891,827)</b>            | <b>(167,371)</b>            |
| <b>Other comprehensive income:</b>                                                                     |                             |                             |
| <b>Items that may be reclassified subsequently to profit or loss when specific conditions are met:</b> |                             |                             |
| Exchange differences on translating foreign operations, net of tax                                     | 58,800                      | (16,336)                    |
| <b>Other comprehensive income for the year</b>                                                         | <b>58,800</b>               | <b>(16,336)</b>             |
| <b>Total comprehensive income for the year</b>                                                         | <b>(833,027)</b>            | <b>(183,707)</b>            |
| <b>Earnings per share</b>                                                                              |                             |                             |
| From continuing and discontinued operations:                                                           |                             |                             |
| Basic and diluted loss per share (cents)                                                               | (0.18)                      | (0.07)                      |

The accompanying notes form part of these financial statements.

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER  
2014**

|                                  | <b>Consolidated Group</b>   |                     |
|----------------------------------|-----------------------------|---------------------|
|                                  | <b>31 December<br/>2014</b> | <b>30 June 2014</b> |
|                                  | <b>\$</b>                   | <b>\$</b>           |
| <b>ASSETS</b>                    |                             |                     |
| <b>CURRENT ASSETS</b>            |                             |                     |
| Cash and cash equivalents        | 499,668                     | 837,853             |
| Trade and other receivables      | 239,482                     | 416,633             |
| <b>TOTAL CURRENT ASSETS</b>      | <u>739,150</u>              | <u>1,254,486</u>    |
| <b>NON-CURRENT ASSETS</b>        |                             |                     |
| Property, plant and equipment    | 42,598                      | 50,892              |
| Other non-current assets         | 5,467,000                   | 5,467,000           |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <u>5,509,598</u>            | <u>5,517,892</u>    |
| <b>TOTAL ASSETS</b>              | <u>6,248,748</u>            | <u>6,772,378</u>    |
| <b>LIABILITIES</b>               |                             |                     |
| <b>CURRENT LIABILITIES</b>       |                             |                     |
| Trade and other payables         | 879,402                     | 570,005             |
| <b>TOTAL CURRENT LIABILITIES</b> | <u>879,402</u>              | <u>570,005</u>      |
| <b>TOTAL LIABILITIES</b>         | <u>879,402</u>              | <u>570,005</u>      |
| <b>NET ASSETS</b>                | <u>5,369,346</u>            | <u>6,202,373</u>    |
| <b>EQUITY</b>                    |                             |                     |
| Issued capital                   | 18,888,802                  | 18,888,802          |
| Reserves                         | 2,252,439                   | 2,193,639           |
| Retained earnings                | (15,771,895)                | (14,880,068)        |
| <b>TOTAL EQUITY</b>              | <u>5,369,346</u>            | <u>6,202,373</u>    |

The accompanying notes form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

|                                                | Share Capital |                   | Reserves                     |                                      | Total      |
|------------------------------------------------|---------------|-------------------|------------------------------|--------------------------------------|------------|
|                                                | Ordinary      | Retained Earnings | Share Based Payments Reserve | Foreign Currency Translation Reserve |            |
|                                                | \$            | \$                | \$                           | \$                                   | \$         |
| <b>Consolidated Group</b>                      |               |                   |                              |                                      |            |
| <b>Balance at 1 January 2013</b>               | 18,005,194    | (5,720,346)       | 2,981,611                    | 45,100                               | 15,311,559 |
| <b>Comprehensive income</b>                    |               |                   |                              |                                      |            |
| Loss for the period                            | -             | (167,371)         | -                            | -                                    | (167,371)  |
| Other comprehensive income for the year        | -             | -                 | -                            | (16,336)                             | (16,336)   |
| <b>Total comprehensive income for the year</b> | -             | (167,371)         | -                            | (16,336)                             | (183,707)  |
| <b>Balance at 31 December 2013</b>             | 18,005,194    | (5,887,717)       | 2,981,611                    | 28,764                               | 15,127,852 |
| <b>Balance at 1 July 2014</b>                  | 18,888,802    | (14,880,068)      | 2,507,472                    | (313,833)                            | 6,202,371  |
| <b>Comprehensive income</b>                    |               |                   |                              |                                      |            |
| Loss for the period                            | -             | (891,827)         | -                            | -                                    | (891,827)  |
| Other comprehensive income for the year        | -             | -                 | -                            | 58,800                               | 58,800     |
| <b>Total comprehensive income for the year</b> | -             | (891,827)         | -                            | 58,800                               | (833,026)  |
| <b>Balance at 31 December 2014</b>             | 18,888,802    | (15,771,895)      | 2,507,472                    | (255,033)                            | 5,369,346  |

The accompanying notes form part of these financial statements.

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31  
DECEMBER 2014**

|                                                                 | <b>Consolidated Group</b> |                         |
|-----------------------------------------------------------------|---------------------------|-------------------------|
|                                                                 | <b>31 December</b>        | <b>31 December</b>      |
|                                                                 | <b>2014</b>               | <b>2013</b>             |
|                                                                 | <b>\$</b>                 | <b>\$</b>               |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                           |                         |
| R & D rebate received                                           | 491,443                   | 953,282                 |
| Interest received                                               | 10,858                    | 4,120                   |
| Payments to suppliers and employees                             | (86,037)                  | (787,761)               |
| Net cash provided by operating activities                       | <u>416,264</u>            | <u>169,641</u>          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                           |                         |
| Proceeds from sale of investments                               | -                         | 99,041                  |
| Payments for exploration expenditure                            | (779,294)                 | -                       |
| Payments for security bonds                                     | (20,009)                  | -                       |
| Net cash used in investing activities                           | <u>(799,303)</u>          | <u>99,041</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |                           |                         |
| Proceeds from issue of shares                                   | -                         | -                       |
| Net cash provided by (used in) financing activities             | <u>-</u>                  | <u>-</u>                |
| Net (decrease)/increase in cash held                            | (383,039)                 | 268,682                 |
| Cash and cash equivalents at beginning of financial year        | 837,853                   | 792,203                 |
| Effect of exchange rates on cash holdings in foreign currencies | 44,854                    | -                       |
| Cash and cash equivalents at end of financial year              | <u><u>499,668</u></u>     | <u><u>1,060,885</u></u> |

The accompanying notes form part of these financial statements.



**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

These condensed consolidated financial statements and notes represent those of Gladiator Resources Limited and Controlled Entities ("the group").

The financial statements were authorised for issue on 16 March 2015 by the directors of the company.

**Note 1      Summary of Significant Accounting Policies**

**Statement of compliance**

The half year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half - year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2014 and any public announcements made by the Company since 30 June 2014 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

**Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements at 30 June 2014, unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Foreign Currency Transactions and Balances**

**Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

**(b) Critical Accounting Estimates and Judgments**

The critical estimates and judgements are consistent with those applied and disclosed in the June 2014 annual report.

**Key Judgments**

**(a) Exploration and Evaluation Expenditure**

Exploration expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered 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 relinquished area are written off in full against the profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest will be amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**(c) New or revised standards and interpretations that are first effective in the current reporting period**

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 - Recoverable Amount Disclosures for Non Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards - Part B: Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'

The adoption of the above standards have not had a material impact on this half year financial report.

**(d) Going Concern**

The half year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. The Group incurred an operating loss of \$891,827 for the half year ended 31 December 2014 (2013: loss of \$167,371). The net working capital deficit of the Group at 31 December 2014 was (\$140,252) (2013: working capital surplus of \$684,481) and the net cash outflows from operating activities during the half year was \$416,264 (2013: \$169,641)

These conditions indicate a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The ability of the Group to continue to pay its debts as and when they fall due is dependent upon the Group raising additional share capital, joint venturing and/or entering into other agreements with its current project interests.

The Directors are currently in discussions with a third party about potentially entering into an Option and Earn In Agreement which will have the effect of transferring future exploration liabilities of the Zapucay Project. See Events Post Balance Date for further details.

The Board is also considering entering into a Share Purchase Plan, however, it will be contingent upon securing an underwriter to partially underwrite the offer.

The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this report. The cash flow forecast was prepared on the basis that the Earn In and Options agreement together with SPP are completed within the next three months from the date of signing this report.

Should the Group be unable to meet its short term funding requirements at the times required, it may be necessary to realise one or all assets and discharge its liabilities in the normal course of business at amounts different to those stated in the financial statements. The financial statements do not include any adjustment relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Note 2 Operating Segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Unless stated otherwise, all accounts are reported to the Board of Directors, being the chief decision makers with respect to operating segments, which are determined in accordance with accounting policies that are consistent to those adapted in the annual financial statements of the consolidated entity.

**OPERATING SEGMENTS**

**(i) Segment Information**

**6 months ended 31 December 2014**

**Revenue**

Other income

Interest received

**Total segment revenue**

Reconciliation of segment revenue to consolidated entities revenue

Total consolidated revenue:

**Expenses**

Employee benefits expense

Depreciation

Directors benefits expense

Rent and outgoings

Travel and accommodation

Exploration written off

Other expenses

Segment loss before tax

Amounts not included in segment result but reviewed by the Board:

Income tax benefit

Net loss before tax from continuing operations

| Australia        | Uruguay            | Total              |
|------------------|--------------------|--------------------|
| \$               | \$                 | \$                 |
| -                | -                  | -                  |
| 6,767            | 4,091              | 10,858             |
| <u>6,767</u>     | <u>4,091</u>       | <u>10,858</u>      |
|                  |                    |                    |
|                  |                    | 10,858             |
|                  |                    |                    |
| -                | -                  | -                  |
| -                | 8,294              | 8,294              |
| 37,500           | -                  | 37,500             |
| 845              | -                  | 845                |
| 13,113           | -                  | 13,113             |
| -                | 967,490            | 967,490            |
| 177,478          | 189,408            | 366,886            |
| <u>228,936</u>   | <u>1,165,192</u>   | <u>1,394,128</u>   |
| <u>(222,169)</u> | <u>(1,161,101)</u> | <u>(1,383,270)</u> |

|                  |
|------------------|
| 491,443          |
| <u>491,443</u>   |
| <u>(891,827)</u> |

**6 months ended 31 December 2013**

**Total Segment revenue**

| Australia | Uruguay | Total   |
|-----------|---------|---------|
| \$        | \$      | \$      |
| 960,773   | 8,064   | 968,837 |

**(ii) Segment assets**

**6 months ended 31 December 2014**

Segment assets

Reconciliation of segment assets to group assets:

Intersegment eliminations

**Total group assets**

| Australia        | Uruguay           | Total             |
|------------------|-------------------|-------------------|
| \$               | \$                | \$                |
| 926,171          | 6,181,042         | 7,107,213         |
|                  |                   | (858,465)         |
|                  |                   | <u>6,248,748</u>  |
|                  |                   |                   |
| Australia        | Uruguay           | Total             |
| \$               | \$                | \$                |
| 1,766,921        | 14,341,829        | 16,108,750        |
| <u>1,766,921</u> | <u>14,341,829</u> | <u>16,108,750</u> |

**6 months ended 31 December 2013**

Segment assets

**Total group assets**

**(iii) Segment liabilities**

**6 months ended 31 December 2014**

Segment liabilities

Reconciliation of segment liabilities to group liabilities:

Intersegment eliminations

**Total group liabilities**

| Australia      | Uruguay        | Total          |
|----------------|----------------|----------------|
| \$             | \$             | \$             |
| 271,652        | 9,819,423      | 10,091,075     |
|                |                | (9,211,673)    |
|                |                | <u>879,402</u> |
|                |                |                |
| Australia      | Uruguay        | Total          |
| \$             | \$             | \$             |
| 210,141        | 770,756        | 980,897        |
| <u>210,141</u> | <u>770,756</u> | <u>980,897</u> |

**6 months ended 31 December 2013**

Segment liabilities

**Total group liabilities**

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859**  
**AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Note 3 Exploration Expenditure**

NON-CURRENT

**Acquisition of 51% Orosur Mining Joint Venture**

|                                                       |                  |
|-------------------------------------------------------|------------------|
| Balance at 1 July 2013                                | 5,467,000        |
| Exploration expenditure incurred during the year      | -                |
| Exploration expenditure written off during the year   | -                |
| Balance at 30 June 2014                               | <u>5,467,000</u> |
| Balance at 1 July 2014                                | 5,467,000        |
| Exploration expenditure incurred during the period    | -                |
| Exploration expenditure written off during the period | -                |
| Balance at 31 December 2014                           | <u>5,467,000</u> |

**Mineral exploration and evaluation expenditure**

|                                                       |                    |
|-------------------------------------------------------|--------------------|
| Balance at 1 July 2013                                | 7,774,661          |
| Exploration expenditure incurred during the year      | 235,386            |
| Exploration expenditure written off during the year   | <u>(8,010,047)</u> |
| Balance at 30 June 2014                               | -                  |
| Balance at 1 July 2014                                | -                  |
| Exploration expenditure incurred during the period    | 967,490            |
| Exploration expenditure written off during the period | <u>(967,490)</u>   |
| Balance at 31 December 2014                           | -                  |

**Total Exploration expenditure**

|                                                |                  |
|------------------------------------------------|------------------|
| Acquisition of 51% Orosur Mining Joint Venture | 5,467,000        |
| Mineral exploration and evaluation expenditure | -                |
|                                                | <u>5,467,000</u> |

Under the Gladiator & Orosur Option and Joint Venture agreement (Agreement), the Group has earned a 51% interest in Zapucay Project located in northern Uruguay. The Group has incurred significant exploration expenditure on this project since inception including but not limited to drilling, metallurgy, economic pre-feasibility studies and consultancy work.

Amounts paid to acquire the rights to explore the area defined by the Zapucay Project can be identified under the terms of the Agreement. Under the relevant terms, the Company was required to expend USD 1,100,000 on exploration in order to earn a 20% interest in the Project. This phase 1 commitment was completed and acknowledged by all parties to the Agreement during May 2011. A further USD\$4,000,000 (Phase Two) was expended earning the Company a further 31% interest in the Project taking the total earn in to 51% during August 2011.

The Australian dollar equivalent of the consideration paid for the Company's 51% interest in the Zapucay Project continues to be carried and is in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources (AASB 6).

**Note 4 Interest in Subsidiaries**

Set out below are the Company's subsidiaries at 31 December 2014. The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Company and the proportion of ownership interest held equals the voting rights held by the Company.

| Name of subsidiary             | Place of Incorporation | Ownership interest held by the Company |                 |
|--------------------------------|------------------------|----------------------------------------|-----------------|
|                                |                        | At 31 December 2014                    | At 30 June 2014 |
| Brightflow Investments Pty Ltd | Australia              | 100%                                   | 100%            |
| Ecochar Pty Ltd                | Australia              | 100%                                   | 100%            |
| Ion Resources Pty Ltd          | Australia              | 100%                                   | 100%            |
| Ferrous Resources Pty Ltd      | Australia              | 100%                                   | 100%            |
| Ferrominas Sociedad Anonima    | Uruguay                | 100%                                   | 100%            |
| Floniler Sociedad Anonima      | Uruguay                | 100%                                   | 100%            |
| Joutes Sociedad Anonima        | Uruguay                | 100%                                   | 100%            |
| Hamfu Sociedad Anonima         | Uruguay                | 100%                                   | 100%            |
| Kyntu Sociedad Anonima         | Uruguay                | 100%                                   | 100%            |
| Rolben Sociedad Anonima        | Uruguay                | 100%                                   | 100%            |

**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Note 5        Events After the Reporting Period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

**Zapucay Project**

The Company is currently exploring the possibility of entering into an Option and Farm In Agreement concerning the Company's tenements that form the Zapucay Project located within the Isla Cristalina Belt in northern Uruguay.

By entering into the agreement the Company would potentially transfer all potential future exploration liabilities to a third party who will assume management of the Zapucay Project and will commit to the an extensive exploration program. The board of the Company commenced discussion in light of the limited opportunities to raise capital to advance the project in its own right.

The potential agreement is proposed to follow the traditional earn in model with a series of earn in hurdles to be met after a quantified minimum spend on exploration. An option would be granted for the Joint Venture to acquire a further stake at the completion of each earn in hurdle whereby the acquirer could potentially increase their proportion of the Company's current interest in the Zapucay Project.

Discussions are advanced, although still ongoing, and an Extraordinary General Meeting will be called in the event that an agreement is reached. Shareholders of the Company will be afforded the opportunity to consider and if thought fit pass a resolution authorising the Company to enter into the agreement.

The potential party to the agreement has an iron ore project adjacent to the Zapucay Project and have demonstrated the ability through funding, exploration expertise and project development to take the Zapucay Project forward at a time when capital markets are depressed for such projects.

**Capital Raising**

The Company is considering entering into a Share Purchase Plan (SPP) to raise additional capital however the SPP would be contingent on securing an underwriter to ensure a minimum amount is raised. Discussions are ongoing with current shareholders of the Company regarding the underwriting of a SPP after a lack of interest was demonstrated from stock brokers.

**Note 6        Financial Instruments**

The Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables and trade and other payables. The carrying amount of these financial assets and liabilities approximate their fair value.

The Group do not hold any trading financial assets up to the date of this report. ( 30 June 2014: nil)

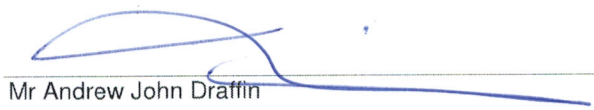
**GLADIATOR RESOURCES LIMITED ABN: 58 101 026 859  
AND CONTROLLED ENTITIES  
DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Gladiator Resources Limited, the directors of the company declare that:

1. Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
3. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

Director

  
Mr Andrew John Draffin

Dated this

16

day of

March

2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gladiator Resources Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gladiator Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gladiator Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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 review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gladiator Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

## Emphasis of matter

Without modifying our opinion, we draw attention to Note 1(d) in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the potential farm in of an interest in the consolidated entity's permits and the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the company's tenements. These conditions, along with other matters as set out in Note 1(d), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

## BDO East Coast Partnership

A stylized, handwritten signature of the BDO East Coast Partnership, appearing as 'BDO' in a cursive script.A handwritten signature in cursive script, which appears to read 'Gareth Few'.

**Gareth Few**

**Partner**

Sydney, 16 March 2015