

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



31 January 2015

Quarterly Activities and Cashflow Report

Highlights:

- **Tenement applications lodged to significantly expand footprint over highly prospective ground**
- **Geophysical programs planned to commence over new tenements upon granting**
- **Drill program planning well advanced, with first program for 2015 expected to commence in March**
- **Results from ~3,700m aircore program received during the quarter**
- **\$556,000 received from option exercise providing a boost to the Company's balance sheet**

New tenement applications lodged

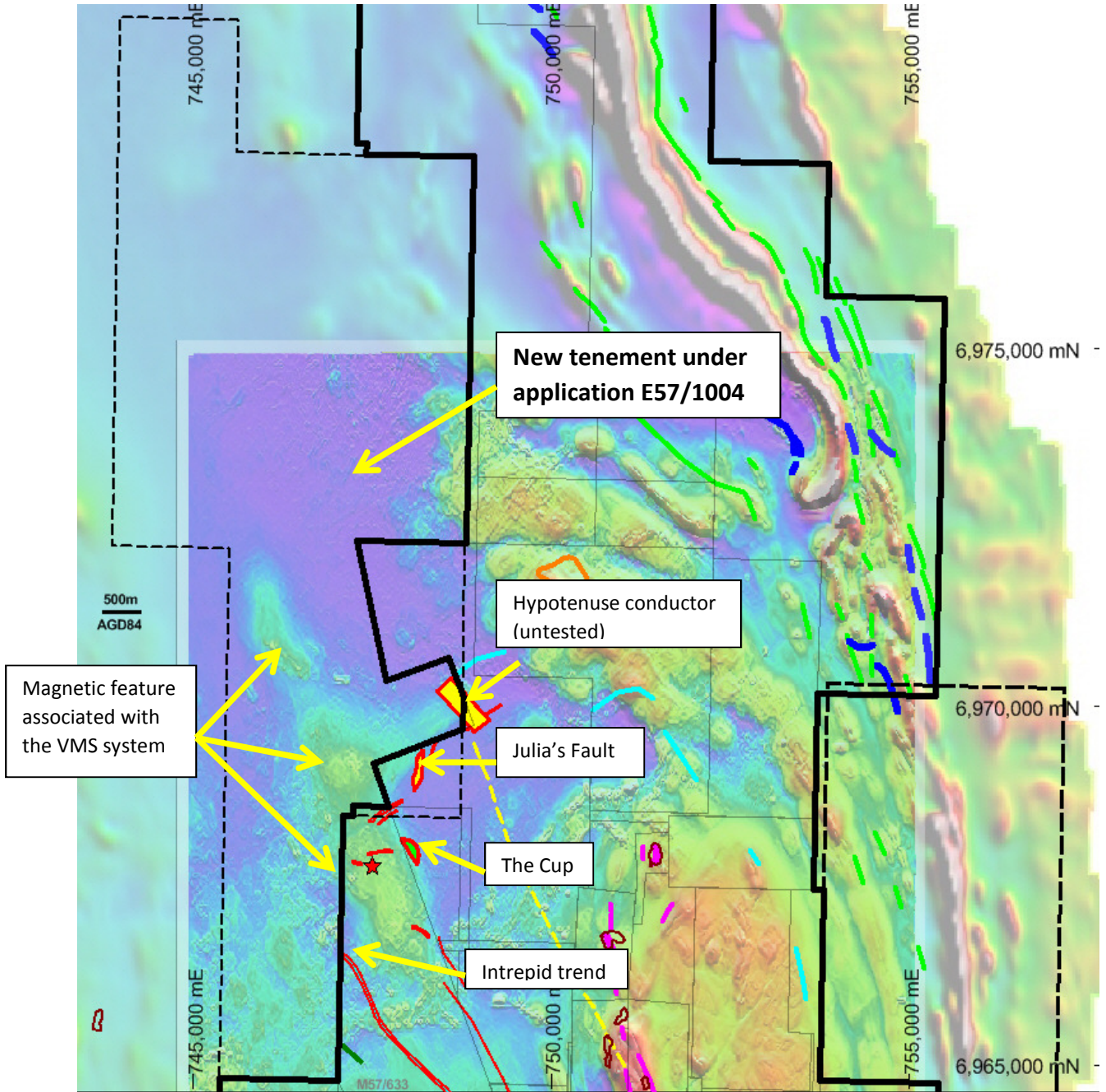
As announced to the market on 21 January 2015, Gateway Mining Limited ('Gateway' or 'the Company') applied for two important tenements adjoining the boundaries of the existing project tenure, E57/1004 and E57/1005. They are currently pending and expected to be granted in the coming months.

The Company is very excited about securing the interests as they cover areas the Company has been actively trying to secure for some time. The addition of these two tenements expands Gateway's footprint in Gidgee by approximately 70%. Importantly, the additional ground is considered highly prospective.

E57/1004 adjoins the Company's Joint Venture tenement with Panoramic Resources Ltd, M57/633. This area is host to a significant Volcanogenic Massive Sulphide (VMS) mineralised system, and securing the tenement will result in Gateway controlling what it believes is the entirety of the system.

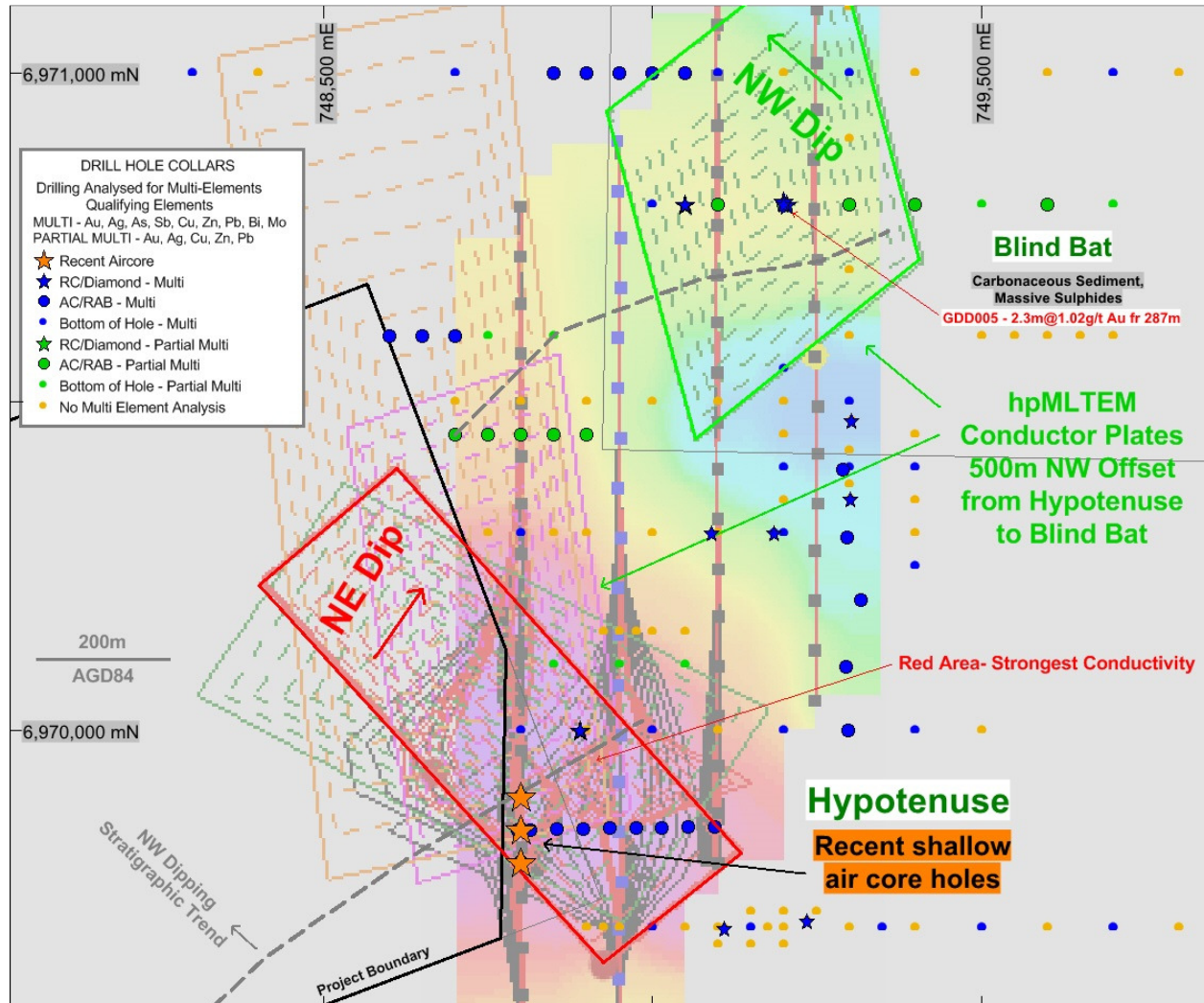
The system is considered highly prospective given the numerous occurrences of ore-grade mineralisation. Efforts to date have been hampered by targets being very close to or straddling tenement boundaries. Securing the joint venture tenement M57/633 went some way to remedying the issue, however there were still a number of targets which the Company would have like to have tested but as unable to.

This development will allow for exploration efforts to be unconstrained by existing project boundaries.



Location of tenement E57/1004 under application

As an example of the difficulties the Company previously faced with respect to exploring the VMS system, a very strong conductor was identified at Hypotenuse (north of The Cup) which straddled the project boundary (shown by the red plate below) and the strongest part of the conductor was outside of Gateway's ground. The conductor has still not been tested.



Hypotenuse conductor which will be drill tested upon granting of tenement

Two electromagnetic surveys had been conducted over the target and three aircore holes were recently drilled above the Hypotenuse conductor right on the tenement boundary. The holes returned strong VMS multi-element and base metal anomalism, including As to 1,595ppm, Cu to 658ppm, Ag to 2.1g/t, Pb to 81ppm, Bi to 1.56ppm, and Sn to 7.3ppm.

The results are in line with what would be expected in a fertile VMS system. Further, they are coincident with a very strong geophysical feature (the red place conductor in the above diagram).

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



Diamond drill hole GDD005, which was drilled only approximately 1km from the untested Hypotenuse conductor, intersected a system that is definitely VMS related. There was a typical Sb-Tl-Te-W-Cs-Ni-Cr-Mo-Se halo in the footwall of the massive sulphides, which is what would be expected in a VMS system. There was also good Na depletion and large mass gains in S and Fe throughout the mineralised section.

The conductor is of a level that would be consistent with a massive sulphide accumulation. It would have represented an outstanding target for drill testing but for less than one third of the conductor being situated within Gateway's tenement. A similar situation occurs at the Intrepid target, which is approximately 4km south of The Cup

Once the tenement has been granted, the Company plans to drill test the conductor, and other targets, as soon as possible.

It is important to note that VMS deposits occur in clusters. VMS mineralisation has been confirmed at The Cup, Julia's Fault and Blind Bat, along with several other nearby occurrences. This highlights the importance of securing the additional surrounding ground and the potential it holds for further larger discoveries.

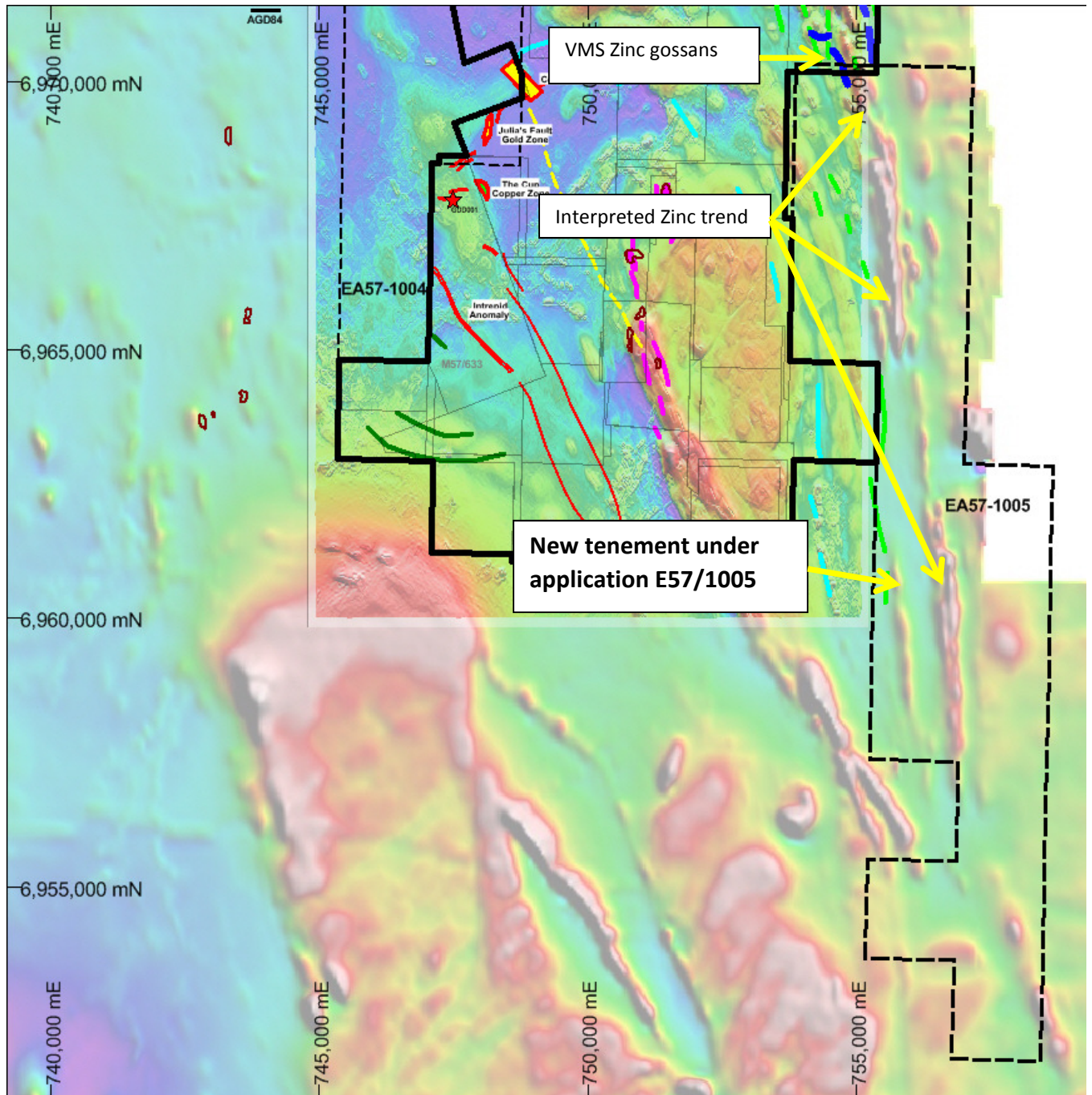
The Company has been conducting data reviews of the tenement with the aim of commencing significant exploration efforts on it during the various 2015 planned programs.

The additional tenement under application, E57/1005, hosts what is believed to be an large VMS related zinc trend interpreted to be up to 13km in length. Limited exploration work has been conducted on the trend, however Gateway's tenements to the immediate north of E57/1005 are host to a number of impressive zinc gossans all of which have returned rock chip samples of +1,000ppm Zn with accompanying VMS geochemistry. An historic drill hole at the Ed's Bore prospect nearby returned 14m @ 1.9% Zn as part of the remnants of VMS basemetal mineralisation in a felsic lense within dolerite.

Historic tenement reports dating from pre-1990 also report the intersection of significant zinc results, however no meaningful exploration has occurred on the tenements since this period. Gateway geologists have walked the trend and conducted surface sampling, finding numerous outcropping zinc gossans intermittently throughout the trend.

The targets on the tenement are not as advanced as the tenement E57/1004, however it represents an excellent early stage prospect which Gateway will steadily advance during the coming exploration programs.

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



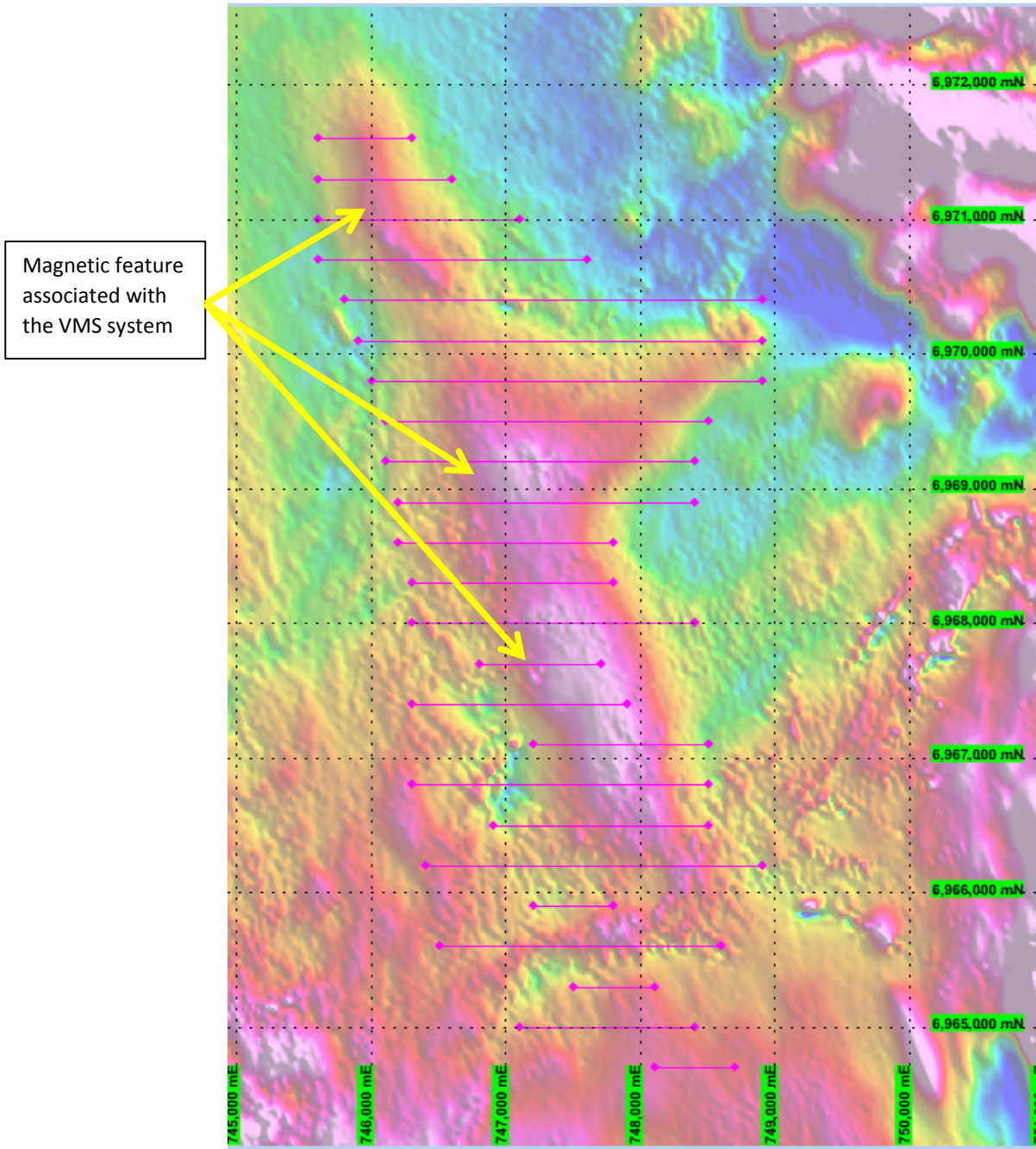
Location of tenement E57/1005 under application

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



Geophysical programs and future drilling

A significant high-powered moving loop electromagnetic (HPMLTEM) survey is planned over the new tenement E57/1004 as shown below. VMS deposits typically have a geophysical signature which can be detected using this type of electromagnetic survey.



Planned MLTEM survey lines over magnetic feature

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



HPMLTEM surveying has proved very useful in locating massive sulphide accumulations in this terrain. This program is designed to comprehensively cover the magnetic feature in search of near surface electromagnetic conductors and it is expected this survey will locate a number of targets which can be swiftly followed up with RC drilling. Previously identified conductors lie relatively close to the feature.

Gateway has a very strong understanding of the geology in the area and is confident of being able to delineate high priority targets out of the HPMLTEM survey. It is expected this survey will commence in the coming weeks, subject to necessary approvals being obtained.

The next drilling program is expected to commence in March 2015. The Company will release details of the program in the coming weeks.

Aircore program

During the quarter the Company also received results of a ~3,700m aircore program conducted last year. The program highlighted extensions of VMS trends while also identifying new targets for follow up RC drilling. Results of the program were released to the market towards the beginning of the quarter on 10 October 2014.

In the area south of The Cup, 15 holes were drilled for 839m to test various targets/trends related to The Cup VMS mineralisation.

In a general or geochemical prospecting sense, all of the drill hole data acquired to date from The Cup and Intrepid areas strongly suggests a very large base, precious and VMS pathfinder element anomalous region of at least 1kmx4km which warrants much more significant further systematic exploration.

Importantly, strong geochemical anomalism was intersected close to the tenement boundary with the newly applied for tenement E57/1004. Upon granting, Gateway can continue systematically exploring the VMS system unconstrained by the tenement boundary.

A similar example occurred at the Hypotenuse prospect (mentioned above). Strong geochemistry was intersected right on the project boundary, with the interpreted conductor dipping westwards into ground not controlled by Gateway. The granting of the new tenement will now however permit exploration across

The results from the aircore program highlight the importance of the Company securing the new tenement as it will put the entirety of the VMS system within Gateway's control upon granting.

The results to date have also been invaluable in helping the Company to develop a lot of geological knowledge specific to this area, which should allow for much more targeted and efficient exploration in the coming periods.

ABN: 31 008 402 391
Level 8, 210 George Street Sydney NSW 2000
GPO Box 225 Sydney NSW 2001
Tel: 61 2 9191 4543
Fax: 61 2 8247 7999
Website: www.gatewaymining.com.au
Email: info@gatewaymining.com.au



Corporate

The Company received \$556,000 from the exercise of options during the quarter. Accordingly Gateway now has approximately \$1.5m available in cash, debt securities, term deposits and listed equity securities for future exploration programs and working capital.

The Company is focused on maintaining low administrative costs in order to preserve capital for exploration. It is expected the cash balance of the Company will be sufficient to meet expected exploration expenditure this year. Gateway is looking forward to a productive and successful 2015.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Scott Jarvis, a full time employee & Head Geologist at Gateway Mining, a member of the Australian Institute of Geoscientists. Mr Scott Jarvis has a minimum of 5 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Scott Jarvis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Gateway Mining Limited

ABN

31 008 402 391

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

| Cash flows related to operating activities | | Current quarter \$A'000 | Year to date 12 months \$A'000 |
|---|--|----------------------------|--------------------------------------|
| 1.1 | Receipts from product sales and related debtors | - | - |
| | Payments for (a) exploration & evaluation | (308) | (591) |
| | (b) development | - | - |
| 1.2 | (c) production | - | - |
| | (d) administration | (136) | (253) |
| 1.3 | Dividends received | - | - |
| 1.4 | Interest and other items of a similar nature received | 22 | 32 |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Other (provide details if material) | - | - |
| | Net Operating Cash Flows | (422) | (812) |
| Cash flows related to investing activities | | | |
| | Payment for purchases of: (a) prospects | - | - |
| 1.8 | (b) equity investments | - | - |
| | (c) other fixed assets | - | - |
| | Proceeds from sale of: (a) prospects | - | - |
| 1.9 | (b) equity investments | - | 151 |
| | (c) other fixed assets | - | - |
| 1.10 | Loans to other entities | (140) | (140) |
| 1.11 | Loans repaid by other entities | 50 | 170 |
| 1.12 | Other | - | - |
| | Net investing cash flows | (90) | 181 |
| 1.13 | Total operating and investing cash flows (carried forward) | (512) | (631) |

+ See chapter 19 for defined terms.

| | | | |
|------|--|--------------|--------------|
| 1.13 | Total operating and investing cash flows (brought forward) | (512) | (631) |
| | Cash flows related to financing activities | | |
| 1.14 | Proceeds from issues of shares, options, etc. | 556 | 556 |
| 1.15 | Proceeds from sale of forfeited shares | - | - |
| 1.16 | Proceeds from borrowings | - | - |
| 1.17 | Repayment of borrowings | - | - |
| 1.18 | Dividends paid | - | - |
| 1.19 | Other (Capital Raising Costs) | - | - |
| | Net financing cash flows | 556 | 556 |
| | Net increase (decrease) in cash held | 44 | (75) |
| 1.20 | Cash at beginning of quarter/year to date | 1,156 | 1,275 |
| 1.21 | Exchange rate adjustments to item 1.20 | - | - |
| 1.22 | Cash at end of quarter | 1,200 | 1,200 |

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

| | | Current quarter \$A'000 |
|------|--|-------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 49 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | - |

1.25 Explanation necessary for an understanding of the transactions

Director & consultancy fees

Non-cash financing and investing activities

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

Nil

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

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 150 |
| 4.2 Development | - |
| 4.3 Production | - |
| 4.4 Administration | 110 |
| Total | 260 |

Reconciliation of cash

| Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows. | Current quarter \$A'000 | Previous quarter \$A'000 |
|---|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 32 | 85 |
| 5.2 Deposits at call | 1,168 | 1,071 |
| 5.3 Bank overdraft | - | - |
| 5.4 Other (cash on deposit held by non-bank financial institution) | - | - |
| Total: cash at end of quarter (item 1.22) | 1,200 | 1,156 |

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

| | Tenement reference | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|-----|---|-------------------------------|---|----------------------------|
| 6.1 | Interests in mining tenements relinquished, reduced or lapsed | | | |
| 6.2 | Interests in mining tenements acquired or increased | E57/1004 E57/1005 | Applied for tenements during quarter Nil | Under Application |

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

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

| | Total number | Number quoted | Issue price per security (see note 3) (cents) | Amount paid up per security (see note 3) (cents) |
|--|-----------------|-----------------|---|--|
| 7.1 Preference + securities <i>(description)</i> | - | - | | |
| 7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | - | - | - | - |
| 7.3 +Ordinary securities | 291,422,962 | 291,422,962 | | |
| 7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | 27,800,000 - | 27,800,000 - | - - | - - |
| 7.5 +Convertible debt securities <i>(description)</i> | - | - | | |
| 7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | - | - | - | - |
| 7.7 Options <i>(description and conversion factor)</i> | 200,000,000 | - | <i>Exercise price</i> 8 cents | <i>Expiry date</i> 6 Dec 2016 |
| 7.8 Issued during quarter | - | - | - | - |
| 7.9 Exercised during quarter | 27,800,000 | - | 2 cents | 15 Nov 2014 |
| 7.10 Expired during quarter | 1,000,000 | - | 2 cents | 15 Nov 2014 |
| 7.11 Debentures <i>(totals only)</i> | - | - | | |
| 7.12 Unsecured notes <i>(totals only)</i> | - | - | | |

+ See chapter 19 for defined terms.

Compliance statement

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

2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

(signature held on file)

Sign here: Date: 31 January 2015

(Company secretary)

Print name: Gary Franklin

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

+ See chapter 19 for defined terms.