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29 January 2016

Quarterly Activities and Cashflow Report

Highlights:

- **Resource modelling underway**
- **Company evaluating a number of value-accretive acquisition opportunities**
- **Focus on preserving cash and minimising expenses**

The previous quarter has been a relatively quiet period for Gateway Mining Ltd ('Gateway' or 'the Company') primarily due to ongoing difficult market conditions for junior resource companies.

In the Company's opinion, operating conditions are not appropriate for undertaking large exploration programs. In saying this, the Company remains extremely positive about the quality of the Gidgee project and its potential for a significant discovery.

Resource Modelling Underway

The Company has engaged external consultants to undertake estimation of a JORC compliant resource on the gold-related drilling at Gidgee. It is expected this will be released to the market in the current quarter.

While the focus of drilling over the last two years has been the Volcanogenic Massive Sulphide (VMS) targets within the Gidgee ground, the Company has continued to steadily advance the gold targets where we now believe we have a very strong understanding of the geology. It is expected this will allow for much more targeted drilling along the contact zone between the Montague granodiorite intrusion and the basalt rocks. Within this zone, the Company believes there is substantial Reduced Intrusive Related (RIR) gold mineralisation.

Future exploration programs are designed specifically to target these interpreted zones. The Company will provide updates on the commencement of future drill programs when it is in a position to do so.

Value accretive acquisition opportunities

The Company has been evaluating a number of complementary acquisitions to its Gidgee project, as well as other resource-related opportunities. While market conditions remain exceedingly difficult for the

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junior end of the resources sector, the Company views this period as an opportunity to secure quality projects at the 'bottom of the cycle'. There are a number of opportunities within Australia, as well as overseas, that the Company views as very strong value-enhancing options for Gateway over the medium-long term.

The Company is in various stages of negotiations with a number of parties regarding acquisition opportunities.

None of the opportunities or negotiations have yet reached a point where there is enough certainty to make an announcement to the market. Should the Board decide to proceed with any further opportunities, the market will be promptly informed and shareholder approval sought, if required.

Focus on preserving cash

As always, the Company maintains a very disciplined approach to managing its cash balance. This is particularly important given the current market conditions.

The Company recently moved offices to Level 11, 52 Phillip St Sydney, NSW. The company does not pay any rent for these premises because it is absorbed through other business the directors are involved with.

Further, while the directors have accrued fees owing during the last quarter, no cash payments were made to any directors (as evidenced in item 1.23 of the Cash Flow Statement below) in order to preserve the Company's cash balance.

The Board hopes this, along with other money-saving initiatives, demonstrates its commitment to advancing its Gidgee project, and adding any worthwhile projects to its portfolio should acceptable terms be negotiated, even during these difficult times.

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.

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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 January 2016

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	-	-
1.2	Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(120)	(182)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	8	18
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		(131)	(232)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	(131)	(232)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(131)	(232)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	30	30
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	Net financing cash flows	30	30
	Net increase (decrease) in cash held	(101)	(202)
1.20	Cash at beginning of quarter/year to date	747	848
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	646	646

**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	0
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

N/A

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

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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	120
4.2 Development	-
4.3 Production	-
4.4 Administration	20
Total	140

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	8	18
5.2 Deposits at call	638	719
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)	646	747

+ 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			

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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 (description)	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	292,422,962	292,422,962		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities (description)	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options (description and conversion factor)	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	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes (totals only)	-	-		

+ 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: 29 January 2016

(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.

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