



QUARTERLY ACTIVITIES AND CASH FLOW REPORT

Highlights:

- Acquisition of Queensland Coal Investment Holdings Limited
- Transaction progressing well
- A\$8,000,000 cornerstone investment from Baker Steel Resources Investment Trust
- Discussions continuing regarding potential divestment of Gidgee assets

Gateway Mining Limited ("**Gateway**" or "**the Company**") is pleased to provide its Quarterly Activity Report for the quarter ended 30 September 2017.

Acquisition of Queensland Coal Investment Holdings Limited

As announced on 1 March 2017, Gateway has negotiated and agreed to acquire two large, adjacent coking coal projects in the Bowen Basin, Queensland ("**Projects**"), by purchasing the outstanding issued capital in Queensland Coal Investment Holdings Limited ("**QCIH**").

While the Company has now executed all necessary documents to give effect to its purchase of QCIH ("**Transaction**"), the Transaction remains subject to a number of conditions precedent, including Australian Securities Exchange ("**ASX**") and shareholder approval, and completion of a capital raising. The Transaction documents are currently with the ASX and the Company is working through outstanding compliance matters with the exchange.

For full details of the Transaction, please refer to the Company's announcement of 1 March 2017.

QCIH continues to advance projects

QCIH has continued to advance and develop its projects whilst compliance matters relevant to the Transaction are completed. QCIH has completed substantial mine planning and engineering work and is well advanced on the environmental programs, allowing for the expedited submission of an application for a mining lease ("**ML**"). The necessary permits are also now in place for the commencement of an in-fill drilling program and drilling to define the line of oxidation. This is commencing imminently.

The work to date has demonstrated an economically robust project. The Board of the Company remains very confident in the value inherent in the terms on which the Transaction is based. The Company is looking forward to detailing the projects and its development plans once the required disclosure documents are released.

Disclosure documents

The Company has now completed a Prospectus and expects to lodge it with the Australian Securities and Investments Commission ("**ASIC**") once clearance from the ASX has been received for the Transaction. The document will be simultaneously lodged with the ASX

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Additionally, following ASX approval of the Transaction the Company will announce and send the Notice of Meeting to shareholders for the approval of the Transaction and associated requirements.

Major Funding Agreement

As announced to the market on 22 September 2017, the Company was pleased to announce it had entered into a convertible note and share subscription agreement ("**the Agreement**") with Baker Steel Resources Trust Limited ("**BSRT**") for a funding package of a minimum A\$8,000,000 and up to A\$10,000,000.

In accordance with the Agreement, BSRT will subscribe for convertible notes to a value of A\$6,400,000 and will participate in the Company's proposed equity capital raising and subscribe for A\$1,600,000 in shares.

Furthermore, within ninety days of the Company's general meeting to approve the Transaction, BSRT may also elect to subscribe for up to an additional A\$1,600,000 in convertible notes and A\$400,000 in shares.

The Agreement and BSRT's vote of confidence in the Transaction demonstrates the inherent value in the Company's acquisition of QCIH and development strategy.

For further details of the Agreement with BSRT, please refer to the Company's announcement of 22 September 2017.

Additionally, the Company has received significant interest from institutional, family office and sophisticated investors regarding participating in the equity component of the transaction.

Divestment of Gidgee assets

As announced to the market on 1 March 2017, the Company has been approached by various interested parties concerning prospective transactions around Gateway's Gidgee tenement holdings.

The Company is continuing these discussions. Any transaction regarding the divestment of the Gidgee assets will be subject to completion of the acquisition of QCIH.

The Company will keep shareholders updated on any proposed transaction in respect of divestment of the Gidgee assets as required by the Listing Rules and any other regulations.

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Cash Preservation

As always, the Company remains focused on minimising expenses and keeping a disciplined approach to cash management, particularly until such a point as the Transaction completes.

In line with this approach, none of the directors take any fees. On 1 March 2017, the Board decided to discontinue accruing fees in order to minimise company expenses and preserve the Company's balance sheet until such a point until the acquisition of QCIH completes.

The administration fees paid during the quarter comprised of fees in relation to finalising the Transaction and also included audit, legal, statutory and exchange related payments.

Additionally, directors Trent Franklin and Andrew Bray have provided a zero-interest, unsecured loan facility of AUD350,000 to provide working capital for the Company until the Transaction completes. As at the end of the quarter, AUD144,000 had been drawn down. Both directors stated their willingness to increase the facility should the need arise.

Yours faithfully

Gary Franklin
Company Secretary

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