



QUARTERLY ACTIVITIES AND CASH FLOW REPORT

Highlights:

- Acquisition of Omni Projects Pty Limited
- Termination of acquisition of Queensland Coal Investment Holdings Limited

Gateway Mining Limited (“**Gateway**” or “**the Company**”) is pleased to provide its Quarterly Activities and Cashflow Report for the quarter ended 31 December 2017.

Acquisition of Omni Projects

As announced on 22 December 2017, the Company executed a binding heads of agreement to acquire Omni Projects Pty Ltd (**Omni Projects**) (**Acquisition**). Omni Projects holds substantial tenement interests around the Company’s Gidgee project, and the Acquisition allows the Company to pursue a regional consolidation of what is considered to be highly prospective ground. The purchase of Omni Projects also sees the Company acquire six other gold and base metal projects in Western Australia.

Key Highlights

- The acquired projects consolidate and expand the Company’s current position at the Gidgee Gold Project.
- Provides access to a portfolio of high quality gold and base metal tenement holdings across a number of highly prospective regions in Western Australia. Notably the projects provide exposure to the Bryah Basin (Cu-Au, Au), the Pilbara (conglomerate hosted-Au) and a number of Archean Greenstone sequences adjacent to major gold deposits.
- Addition of experienced, well-credentialed geologist and project developer Peter Langworthy to the Board of Directors, upon completion. Additionally, the Acquisition also facilitates access to Mr Langworthy’s geological and technical team currently operating the Omni Projects.

Omni Projects

Omni Projects is a West Australian, private company focused on early-stage exploration and development of gold and base metals. Omni Projects was established in 2013 and has a strong, well-credentialed management team.

Omni Projects has a number of exploration projects comprising seven areas, consisting of over twenty three granted tenements and tenement applications, all located in Western Australia. The projects comprise twelve granted exploration licenses, five exploration licence applications

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and six prospecting licence applications that cover a total area of approximately 1,339 km², should all of the licenses be granted. The projects include the:

- **Gidgee (South) Project:** the Gidgee Project covers the southern extension of the Gum Creek Greenstone Belt which now doubles Gateways' tenement holdings in the region and provides the platform for additional consolidation of the area.
- **Bryah Basin Project:** this project provides high-quality exposure to gold and copper-gold mineralisation (VHMS) in one of Australia's preeminent exploration and mining districts. The area is host to a series of significant deposits including the world-class DeGrussa copper-gold deposit (Sandfire), the high-grade Monty copper-gold deposit (Sandfire and Talisman) and the Fortnum gold deposit (Westgold).
- **Sylvania Project:** located on the southern margin of the Pilbara Craton, the project has demonstrated outcrops of gold prospective conglomerate interpreted to be part of the Hardy Formation or equivalent.
- **Edjudina Project:** the Edjudina Project is located within the highly endowed Laverton Tectonic Zone and is immediately along strike of the 300koz Fortitude Gold Deposit (Matsa). The project covers 30km of a greenstone sequence associated with a major fault system. Previous exploration has defined a series of high priority targets ready for follow-up evaluation.

Terms of the Acquisition

Under the heads of agreement, the Company has agreed to purchase all of the issued capital in Omni Projects from its sole shareholder, Omni GeoX Pty Ltd (**Omni GeoX**), on the following terms and conditions:

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- (a) the Company will issue to Omni GeoX, as consideration for the Acquisition, A\$1.5 million in fully paid ordinary shares in the Company at \$0.012 per share;
- (b) the Company may conduct all such due diligence in relation to the projects that it requires, within 90 days of the heads of agreement, and such due diligence must prove satisfactory to the Company; and
- (c) the acquisition will be subject to the following conditions precedent which must be satisfied prior to completion:
- (i) the execution of a formal, binding, sale and purchase agreement for the Acquisition;
 - (ii) each party must obtain all such approvals and consents as may be necessary to give effect to the Acquisition, including shareholder approval; and
 - (iii) the Company conducting a capital raising via rights issue to achieve up to A\$3,500,000,

and the parties have agreed to use their best endeavours to ensure that these conditions precedent are met by 31 March 2018 (**End Date**).

Capital Raising

As part of the Acquisition, the Company will conduct a capital raising of A\$3,500,000 based on an issue price of \$0.012 per share (**Capital Raising**). This will be done via a rights issue. No party will acquire control of, or voting power of, 20% or more in the entity as a result of the Acquisition or the Capital Raising.

Disclosure documents

The Company is nearing completion of a prospectus in relation to the Capital Raising and expects to lodge it with the Australian Securities and Investments Commission ("**ASIC**") in the coming weeks. The document will also be simultaneously lodged with the ASX.

Additionally, following ASX approval of the Acquisition the Company will announce and send a Notice of Meeting of the Company's 2017 Annual General Meeting, which will include shareholder approval of the issue of shares to Omni GeoX as consideration for the Acquisition. The Company anticipates this will occur in the next week.

For full details of the Acquisition, please refer to the Company's announcement of 22 December 2017.

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Termination of Acquisition of Queensland Coal Investment Holdings Limited

As announced on 1 March 2017, the Company 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**”) (**Transaction**).

On 19 December 2017, the Company announced that while it had spent significant time and energy in advancing the Transaction, the Company had been unable to obtain clearance from the Australian Securities Exchange (**ASX**) for the Transaction, despite considerable effort on the Company’s part and restructuring certain sections of the sale agreement. Due to complications in satisfying the requirements of ASX, the Company was unable to fulfil certain conditions precedent in the sale agreement required for completion.

As a result of these difficulties, QCIH and Gateway agreed to terminate the Transaction, and the Company subsequently received a notice of termination of the sale agreement. Accordingly, the Transaction did not complete.

Change of Share Registry

On 23 November 2017, the Company announced that it had changed its provider for shareholder registry services from Security Transfer Australia to Automic Registry Services (**Automic**).

Shareholders can easily and efficiently manage their holdings via Automic’s secure and highly accessible online Investor portal. Automic’s portal provides among other things an online interface to update and manage shareholder details, view balances and transaction history.

Yours faithfully

Gary Franklin
Company Secretary

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