

ABN: 31 008 402 391  
Level 11, 52 Phillips Street Sydney NSW 2000  
GPO Box 225 Sydney NSW 2001  
Tel: 61 2 8316 3998  
Fax: 61 2 8316 3999  
Website: www.gatewaymining.com.au



## QUARTERLY ACTIVITIES AND CASH FLOW REPORT

### Highlights:

- Announcement of major transaction during the Quarter
- Gateway to acquire substantial coking coal projects in the Bowen Basin
- Transaction progressing well
- Company in discussions around divestment of Gidgee assets

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

### Acquisition of Queensland Coal Investment Holdings Limited

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

The Projects comprise a large, near-surface coal deposit, which Gateway will look to exploit as the Projects progress towards production in the coming 18 months.

Full details about the transaction are specified in the announcement of 1 March 2017.

### Consideration

The consideration payable to under the agreement for the sale of all the issued capital in QCIH comprises:

- A\$10,000,000 cash consideration;
- A\$50,500,000 consideration to be satisfied by issue of 4,208,333,333 fully paid ordinary shares at a deemed issue price of \$0.012.

In the Board’s opinion, the transaction represents a highly compelling, value-accretive transaction for shareholders.

This agreement is subject to the following conditions:

- Gateway to conduct a capital raising to raise a minimum of A\$25,000,000 at \$0.012 per share;

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- satisfaction of all necessary approvals, including ASX approvals and waivers, shareholder approval and other approvals required from any relevant regulatory bodies;
- Gateway re-complying with Chapters 1 and 2 of the ASX Listing Rules; and
- Gateway making arrangements to divest itself of its current package of gold and base metal tenements (subject to shareholder approval).

Additionally, Mr Andrew Bray and Mr Gary Franklin have indicated their intention to step down from the Board at the conclusion of the Transaction. QCIH will nominate new directors to be appointed to the board of Gateway after completion of the Extraordinary General Meeting.

Following the announcement on 1 March 2017, the Company's prime focus has been on progressing the transaction, including fundraising, towards completion. It is expected the transaction will complete before 30 June 2017. The Company anticipates providing an update to shareholders on the acquisition in the near future.

### **Gidgee Project**

As announced to the market on 1 March 2017, the Company the Company is currently in discussions around divesting its Gidgee package of tenements. Gateway will keep shareholders updated on any proposed transaction as required by the Listing Rules and any other regulations.

### **Cash management**

As announced to the market on 1 March 2017, to finance the acquisition of QCIH, the Company will be conducting a capital raising to raise A\$25,000,000 at \$0.012 per share. The purpose of the funds is as follows:

- A\$10,000,000 cash consideration relating to the Acquisition of QCIH; and
- A\$15,000,000 working capital and development funds for the project.

Yours faithfully

Gary Franklin  
Company Secretary

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