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MARCH 2013 QUARTERLY ACTIVITIES & CASH FLOW REPORT

Highlights:

- **Results returned from February RC drilling program – significant Copper intersections at The Cup and Bevan**
- **Confirmed widespread massive sulphide accumulations with anomalism for Cu, Zn, Au, Ag and typical VMS trace elements**
- **New Copper target discovered at Dummy Spit within the Gossans Galore area**
- **Appointment of new Non-Executive Chairman, Trent Franklin**

Results returned from Gidgee RC drilling

During February & March, Gateway Mining Limited ("Gateway" or "the Company") completed approximately 2,000m of RC drilling on its flagship Gidgee project in Western Australia. This is the first drill program completed since the Company underwent a restructuring and recapitalisation during 2012.

Holes were planned primarily to follow up historical anomalies which remained untested, and the results overall were very strong. Significant Copper intersections were returned at The Cup and Bevan prospects:

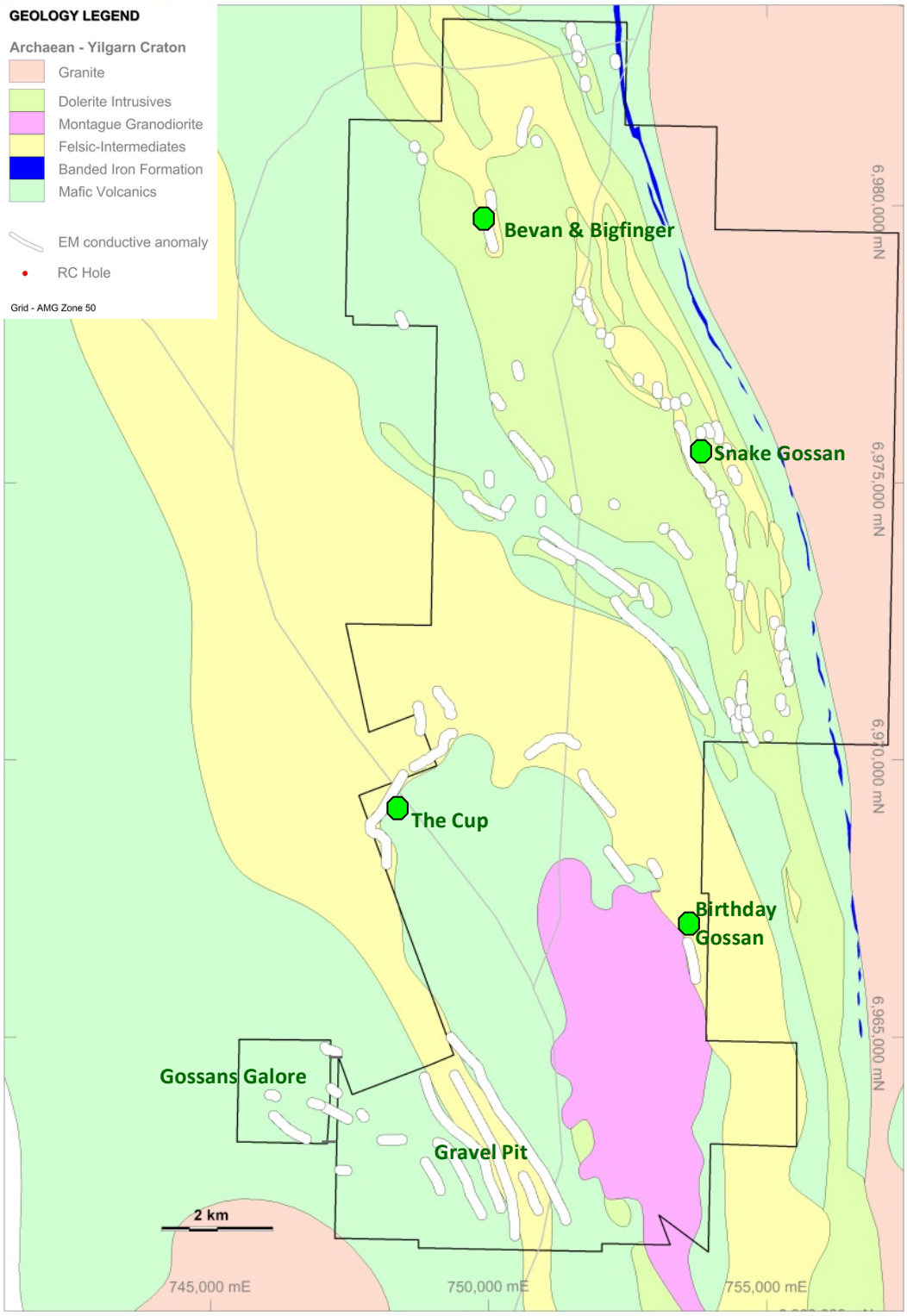
- **Bevan: 10m @ 1.32% Cu, 0.65% Zn and 9.3g/t Ag from 43m,** including **2m @ 3.7% Cu**
- **The Cup: 25m at 0.78% Cu from 68m**, including **6m @ 2.03% Cu,** and **11m @ 12.2g/t Ag** from 64m

Furthermore, an extremely encouraging virgin discovery was made at the Dummy Spit electro-magnetic (EM) conductor in the Gossans Galore area:

- **Dummy Spit: 5m @ 0.56% Cu from 90m**

The find is significant because of the associated geochemistry (elevated Ag and Cd), the potentially simple geology of the mineralisation, and that the hole returned massive sulphides, including chalcopyrite. While it is in a very early stage of exploration, early interpretations suggest the hole has

just 'clipped' the top of the mineralisation, and that there is a strong possibility widths and grades can improve down dip. Furthermore, the conductor is approximately 1km long, meaning that the strike extent to the east and west is very significant.



Gidgee Project Overview – recent drill targets; also showing extensive EM conductors

Bevan

GRC230 at the Bevan prospect was designed to test for mineralisation below an historic RAB drilling geochemical anomaly (Cu > 2,000ppm). The hole is **50m north of the tip of a VTEM conductor** that could potentially host strong copper mineralisation. The hole returned an excellent initial assay of **10m @ 1.32% Cu, 0.65% Zn and 9.3g/t Ag from 43m,** including **2m @ 3.7% Cu**, in the oxidised zone. This bodes extremely well for the prospect as the hole was drilled north of where the conductor is interpreted to begin.

The results also returned **excellent geochemistry**. Max dh results for VMS pathfinder elements include **22ppm Bi, 29ppm Cd, 1700ppm Pb, 130ppm Se, and 21ppm Te**. This gives the Company further confidence that the conductor has the potential to host a VMS mineralised economic ore body.

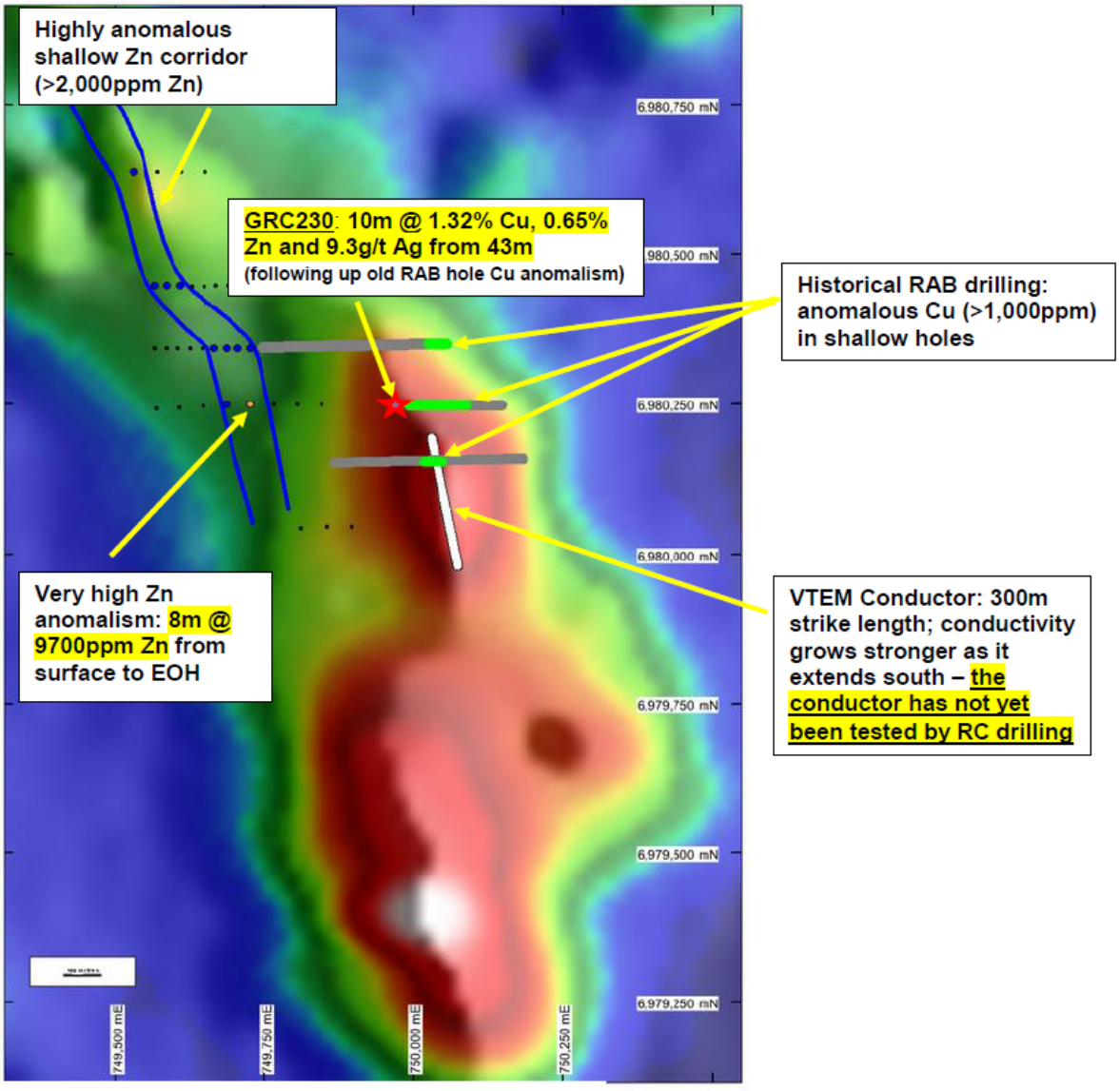


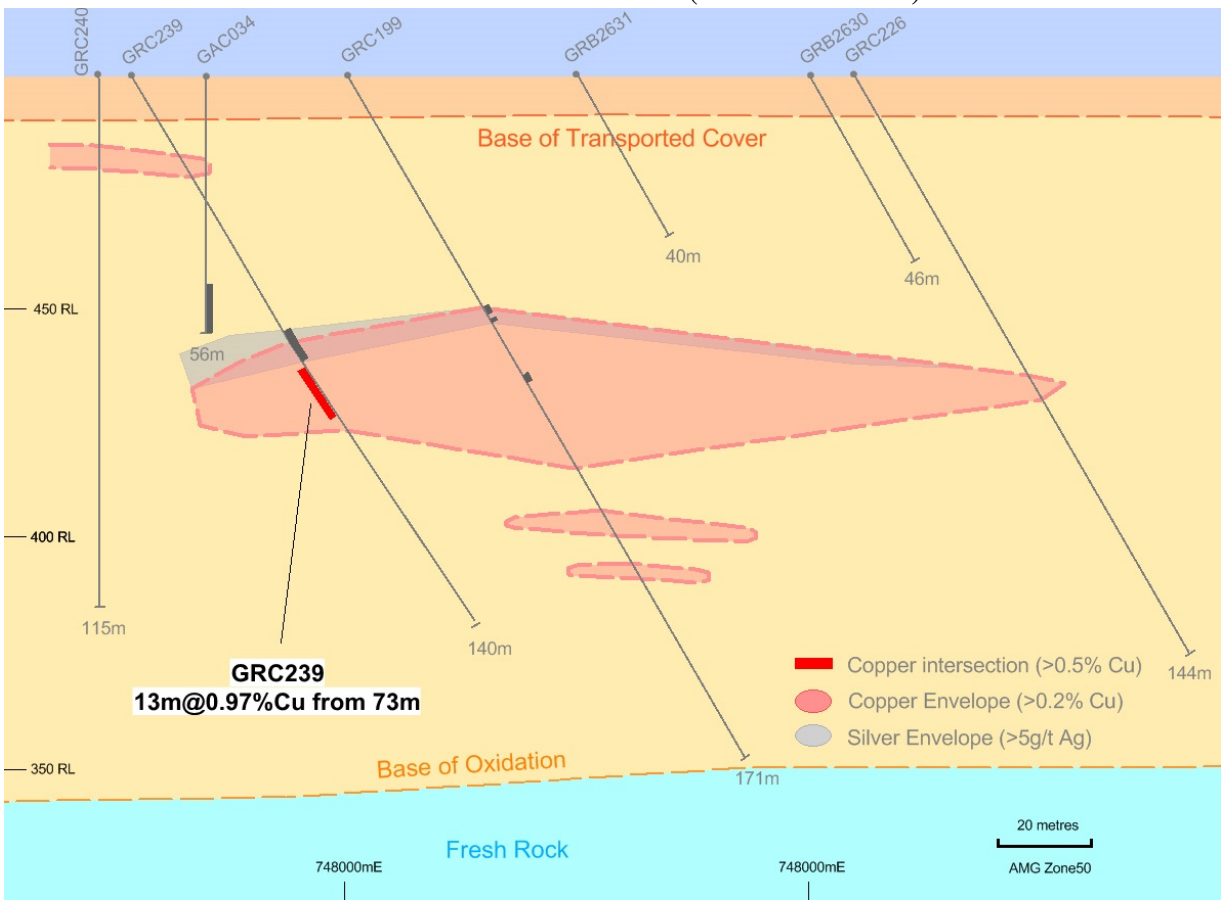
Fig 1 Bevan Conductor showing GRC230 and historical anomalism

The VTEM conductor has excellent potential to host stronger copper mineralisation and the Company is extremely encouraged by these initial results. Follow up drilling is planned for July / August 2013 when the next RC drilling program begins.

The Cup

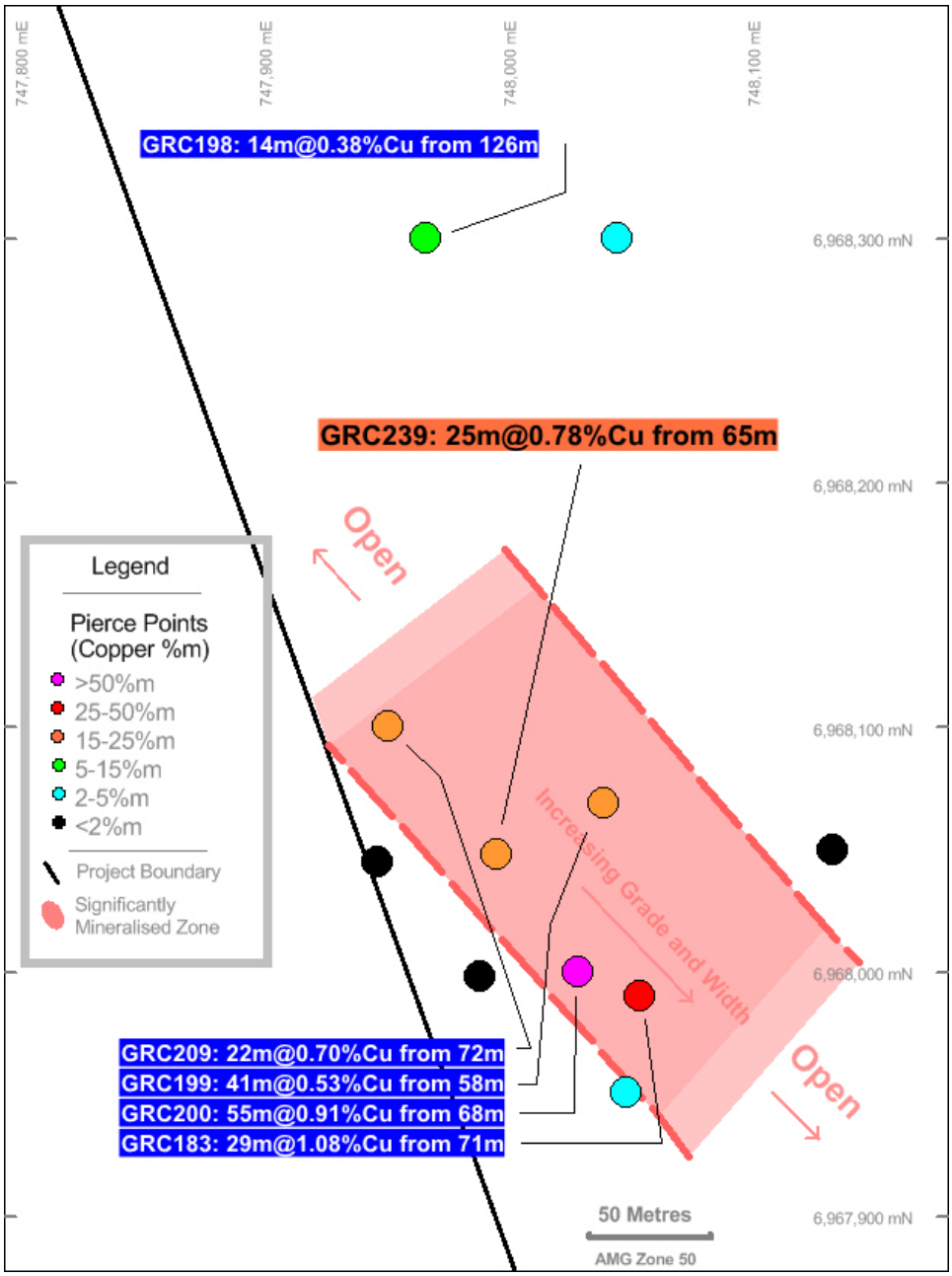
The Cup returned an impressive result of **25m @ 0.78% Cu and 11m @ 12.2g/t Ag** from 64m, **including 6m @ 2.03% Cu** in GRC 239. GRC240 was a vertical hole drilled on the tenement boundary and it did not intersect any significant mineralisation.

Cross Section 6968050mN (+/- 25m window)



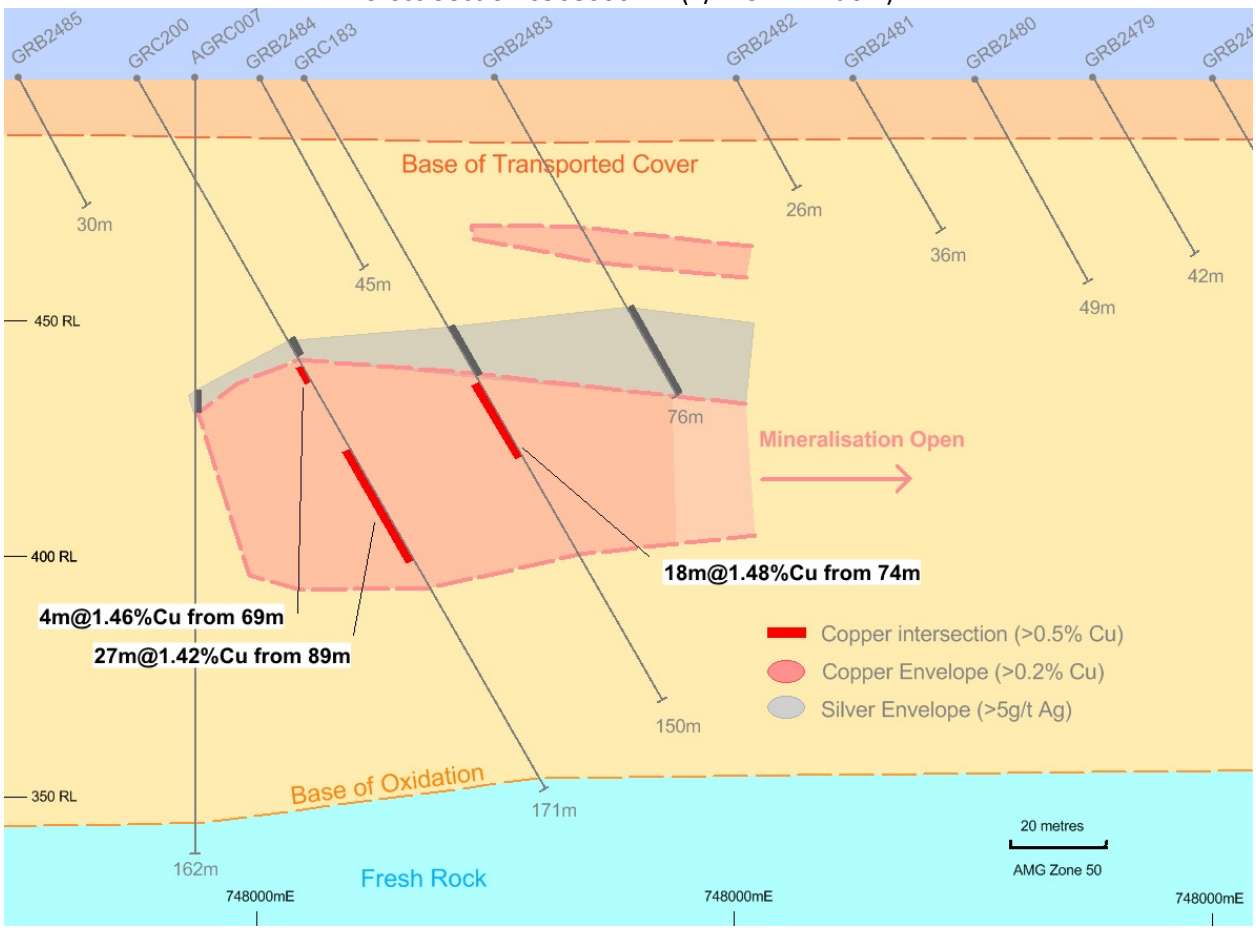
Two very encouraging points came from the results returned at The Cup. Firstly, there was a clear geochemical marker in the silver zone which overlays the copper mineralisation. Historic drilling at The Cup returned silver results up to 177g/t Ag. Every hole which has intersected the copper mineralisation has a silver zone above it. This potential 'marker' also bodes extremely well for the results returned from elevated silver zone intersected at Dummy Spit at Gossans Galore (approximately 7km SW of The Cup).

The second encouraging outcome from GRC239 is that mineralisation was intersected higher in the hole than anticipated, which has brought about **a change in the interpreted geometry at The Cup**. This has **significant upside implications**. Mineralisation is open to the southeast, *away* from the tenement boundary, for as far as mineralisation persists. Interpretation of the current and historical results appears to show a **trend of improving grade and width to the southeast,** as shown below:



The mineralised zone intersected in GRC239 on section 6968050mN is **now thought to be a series of stacked, flat lying horizons**. The stratigraphy now looks to be flattening off to the south in what appears to be a gentle fold structure. There are significant EM conductors which correspond to the newly interpreted direction of the mineralisation.

Cross Section 6968000mN (+/- 25m window)



Further testing of The Cup is planned for the RC program in July / August. Drill holes planned will test the southern extensions, where the Company's current modelling suggests significant potential for improving grades and widths.

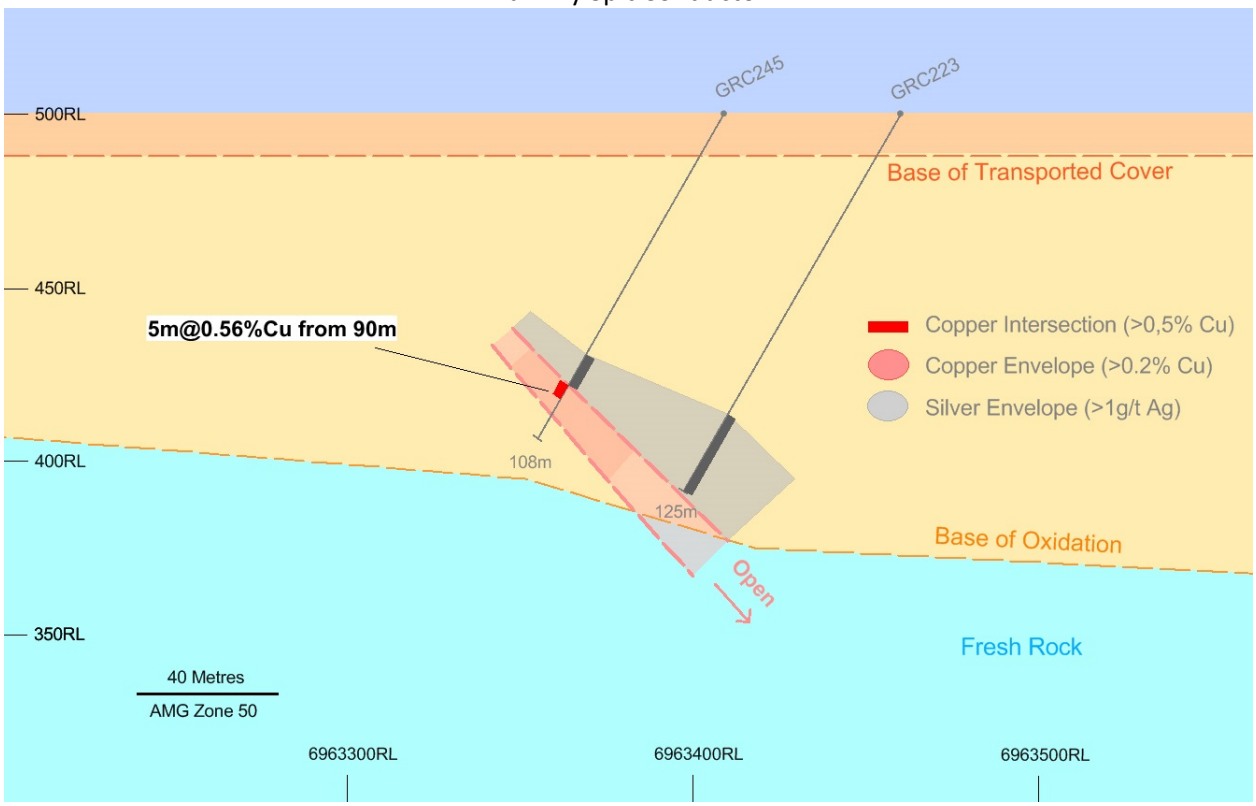
No primary chalcopyrite is evident from logging at The Cup. Limited previous micro-probe investigations have indicated that chalcocite is the main copper-bearing mineral. Chalcocite is often treatable using cheaper heap-leach processes, which can significantly improve the economics of a mining operation.

Gossans Galore

The Gossans Galore area is a highly prospective area within the Company's tenements. There are a number of conductors in the area which have geophysical, geological and geochemical indications of a VMS mineralised system.

GRC245 in the recent drilling program tested the Dummy Spit conductor and returned a very encouraging initial result of **5m @ 0.56% Cu from 90m.**

Dummy Spit Conductor



The result in GRC245 result is **extremely encouraging considering the early stage of exploration** for the Dummy Spit conductor. There remains excellent potential for the width and grade of the mineralisation to significantly improve down dip, up strike and down strike, especially in the sections where the EM conductor is much stronger.

Subsequent analysis of the drill chips also shows what appears to be anhydrite interstitial to sulphides at Dummy Spit. Anyhydrite has been identified at numerous VMS deposits around the world. This would be an excellent outcome as the presence of anhydrite suggests VMS mineralisation that has not been highly metamorphosed or structurally deformed. The anhydrite mineral would ordinarily be destroyed during regional metamorphism or deformation, so its presence suggests the VMS mineralisation remains in pristine condition.

In a further encouraging sign, the chalcopyrite was intersected beneath an anomalous silver zone of 10m at 1.61g/t Ag. This appears to correspond extremely well to the silver geochemical signatures seen at The Cup (refer announcement on 24 April, 2013), and possibly represents a regional geochemical signature.

The significance of the silver intersection can be seen through similar results at The Cup. GRC182, drilled at The Cup, intersected strong silver anomalism above a weakly anomalous copper zone (similar to the current Dummy Spit hole). However GRC183, undercutting this hole, 30m down-dip, returned 27m at 1.14% copper and a further 40m downdip GRC200 returned 33m at 1.22% copper.

This theory gains further weight by the improving geochemistry intersected down dip in GRC223 (the incomplete hole from the September 2012 program), the most significant of which was an intersection of cadmium in GRC223 of **10m @ 25.4ppm Cd from 100m.**

Gravel Pit

Two RC holes were drilled at Gravel Pit during the quarter targeting EM conductive anomalies about five kilometres SSE along strike from The Cup copper discovery. Both holes intersected prospective VMS geology, anomalous in copper and zinc.

GRC241 drilled highly weathered felsic rocks anomalous for base metals including 55m at 264ppm copper from 10m and 66m at 270ppm copper and 451ppm zinc from 119m to end of hole in carbonaceous sediment and disseminated sulphides.

GRC242 intersected 80m at 349ppm copper and 246ppm zinc from 30m in highly weathered felsic rocks.

These results are significant because they provide confirmation that VMS prospective terrain from within which The Cup prospect was discovered extends into the southwest of the Gidgee Project where there are multiple conductive anomalies interpreted from MLTEM ground survey test work. The MLTEM anomalies are located below shallow transported cover, and amount to about 12 kilometres of strike extent which to date has had extremely limited drill hole coverage carried out.

Aircore drilling scheduled to commence soon is designed to traverse MLTEM conductive trends at Gravel Pit. Aircore drilling is expected to penetrate to relatively deep levels cost effectively because of the deep level weathering encountered to date at Gravel Pit. Drilling is on wide line spacing and is intended to locate VMS geological/geochemical horizons that occur close to surface which can then be swiftly targeted by later drill programs.

The Snake

The Snake is a 1.4km trend of strong VTEM conductivity and widely anomalous geochemical anomalism in historic rock chip sampling. Minimal RC drilling has been carried out to date. Two RC holes were drilled at Snake Gossan during the quarter that targeted below shallow historic drill hole intersections in areas of high VTEM conductivity. **Both holes intersected disseminated sulphides** in potential VMS host geological horizons. Results returned broad intersections of strongly anomalous copper, zinc and VMS pathfinder elements.

GRC237 - 15m @ 0.11% Cu and 0.40% Zn from 95m
GRC238 - 25m @ 0.09% Cu and 0.46% Zn from 70m

While the intersected results are not ore grade, the mineralisation was intersected in disseminated sulphides and it was accompanied by strong geochemistry. This suggests an appropriate environment for the discovery of stronger grade VMS mineralisation nearby. The level of geochemical anomalism at The Snake is considered very high. Below are the max dh results for the two holes:

	Ag	Cd	In	Mo	Pb	Se	Sn	Te
GRC237	1.1	10.9	1.32	4.76	56.7	17	7.3	2.75
GRC238	1.21	10.35	1.68	6.14	54.4	17	12.6	2.61

The Snake Gossan area consists of undulating terrain with widely occurring outcrop and sub-crop. The VMS horizon was mapped and rock chip sampling carried out along its length between the two RC holes drilled. Lithology consists of a sub-vertically dipping sheared felsic unit that stratigraphically overlies basalt to the east and underlies dolerite intrusives to the west. Two VMS vent mound structures appear to be identified where a thickening of the felsic sequence occurs. A unit of carbon rich sediment overlies the felsics at the southern mound and siliceous chemical sediments at the northern mound. Adding weight to this interpretation is that the greatest geochemical anomalism in surface rock chip sampling is occurring around these two centres. Also, depletion of the magnetic response in the overlying dolerite might be explained by ongoing VMS activity after the dolerite was emplaced. Alternatively, the dolerite may have intruded into what was once a more continuous carbonaceous/siliceous horizon leaving the thicker areas intact. Further work is required to understand the geology of the prospect, however if the first interpretation is correct and there are two VMS vent structures, then they appear to be relatively small systems that are very rich in pathfinder element concentration. Potential massive sulphide occurrences associated with these systems might also be relatively small but rich.

Rock chip sampling at Snake Gossan is strongly anomalous for copper, zinc and VMS pathfinder elements. There are no large outcrops of gossan after massive sulphides located however **potential at depth remains untested**. A small outcrop that does appear to be after massive sulphides that was rock chip sampled, RKS010, returned the strongest multi-element concentration on record at the Gidgee Project being anomalous in every pathfinder element. Further more detailed mapping and rock chip sampling to determine the extent of this outcrop will be undertaken. More detailed geophysical surveying may help to locate a sulphide body at depth.

Future drilling

The Company expects to commence an approx. 10,000m aircore drilling program over the Gossans Galore and Gravel Pit areas. A update will be provided to the market on commencement of the program.

Corporate Update

The Board appointed Mr Trent Franklin to the position of Non-Executive Chairman after the resignation of the long serving Brian Gomez. Mr Franklin is a qualified geologist with a strong track record of corporate experience. He is currently the Managing Director of Enrizen Financial Group, and formerly a director of the Australian Olympic Committee Inc and Australian Water Polo Inc. He is also a Fellow of the Australian Institute of Company Directors.

The Company is also conscious of minimizing administrative overheads, and it is pleasing that administration expenses for the quarter were only approximately $84,000; significantly less than many comparable companies.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Scott Jarvis, the 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 2004 Edition of the "Australian Code for Reporting of Exploration Results, Minderal 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.