

# GATEWAY MINING NL



ANNUAL REPORT 2004

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## AUSTRALIAN STOCK EXCHANGE

Ordinary Shares	GML
Options:	GMLO

2004



*It is especially encouraging that gold prices have reached new heights in an environment where the world's major economies have been faced with low inflation regimes and even disinflation in the case of Japan.*

International gold prices have reached new heights in recent months providing greater optimism for long-term junior explorers such as Gateway Mining, which has made several new discoveries in recent years and continues to prove up valuable gold resources at their exploration tenements.

It is especially encouraging that gold prices have reached new heights in an environment where the world's major economies have been faced with low inflation regimes and even disinflation in the case of Japan.

The higher gold prices, a tendency for Australian dollar prices to offset any downward trend in the US dollar and a decline in US gold production provides optimism for the future and are among the reasons why Australia appears to be poised to become the world's second biggest gold producer after South Africa. Even in South Africa the rising labour and development costs of deep underground mining and a strengthening rand has encouraged South African companies to actively seek out overseas opportunities for exploration and production through mergers and acquisitions in the Asia Pacific region and elsewhere.

In such a climate Gateway Mining is fortunate that it holds quality projects including its highly prospective landholding (380 sq km) at Gidgee in Western Australia, where drilling continues to find gold mineralisation in numerous areas. Most notable are the Airport Gold Trend and numerous prospects at Victory Creek.

Within Airport at Rosie North the strike length has been extended to 300 metres. Drilling is targeting a shallow open pit gold resource that would provide us with a viable project in the short term. Recent drilling has raised the potential of this discovery with the testing of a north east trend that cross cuts Rosie North following the intersection of ore grade material such as 5 m @ 2.14 g/t and 15 m @ 1.57 g/t, including 5 m @ 3.48 g/t and 5 m @ 1.72 g/t. The resource could be further increased because of the discovery of S Bend slightly to the north west of Rosie North.



Meanwhile at Victory Creek located to the north of Airport, exploration programs are ongoing. Compilation of results from geophysical and geochemical programs conducted by the company has clearly upgraded the area into elephant country. Work will intensify at Victory Creek and the nearby Hypotenuse areas in the year ahead. Our exploration geologists and specialist contractors have gathered extensive geochemical and geological information, which is contributing to expectations that a major gold discovery could be made in the Victory Creek/Hypotenuse area. Preliminary drilling included an intersection of 67 m @ 0.44 grams of gold per tonne.

Much of Victory Creek remains under explored with up to 40 metres of cover in places concealing bedrock. The trend at Hypotenuse extends for 5km and is up to 60m wide under 5m to 30m of cover. Latest drilling has resulted in a new discovery at Two Dogs at Victory Creek where one hole returned 24 metres @ 1.87 g/t, another prospect that will be followed up.

Some corporate rationalisation has been occurring in the Gidgee area following the decision of Mark Creasy's Gidgee Resources to become a major shareholder in Legend Mining's gold operations, increasing the public focus on the region as an exciting exploration area.

Gateway's role as a major long-term stakeholder in the highly prospective greenstone belt at Gidgee is an exciting situation and we look forward to you as shareholders sharing in its continued success.

On the eastern front, our Cowra property has been vended into a larger Lachlan Fold Belt resources play operated by the Canadian-owned Goldminco with the backing of our former farm-in partner, Straits Resources Ltd. Goldminco is required to spend A\$500,000 on the company's copper-gold prospect at Cowra by September next year.

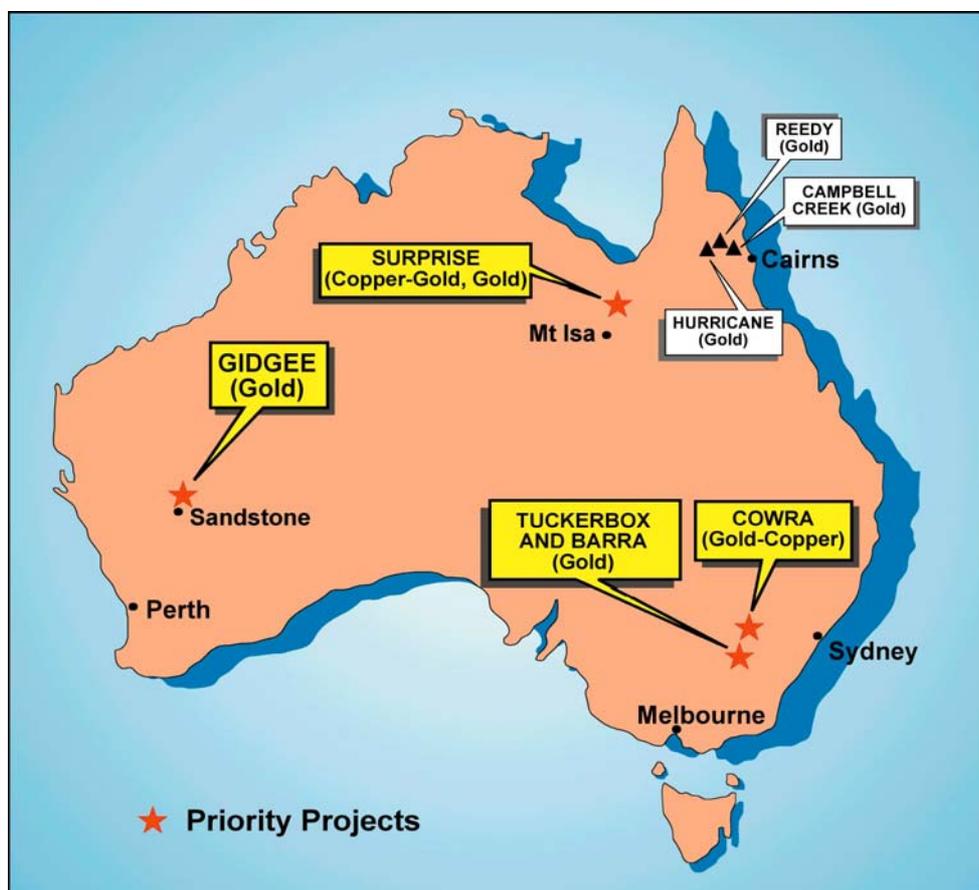
Gateway is also looking forward to increased activity at our Surprise and Hodgkinson Basin properties in Queensland as a result of prospective corporate deals that are likely to unfold in the months ahead.



**BRIAN GOMEZ**  
CHAIRMAN



## OPERATIONS REVIEW



The Company's growth is dependent on the successful identification of mineral resources. Over the last twelve months the company has moved closer to achieving this goal with further results from its highly prospective projects.

The Gidgee Gold Project in Western Australia continues to offer encouraging results from a belt that has already produced in excess of 1 million ounces of gold. Drilling will continue exploring for shallow oxide open pits at Airport and larger gold bearing systems at Victory Creek.

In New South Wales the company is exploring for significant gold-copper deposits at Cowra where our joint venture partner is required to spend \$0.5 million by September 2005 to earn an interest in the project. This will accelerate exploration and time to discovery.

In Queensland results from infill sampling of significant gold only anomalies have advanced several areas to drill target stage at the Surprise Project where the company seeks a joint venture partner.

Exploration success in all projects has delineated targets that have the potential, with continued exploration success, to host significant gold and/or base metal resources.

Western Australia

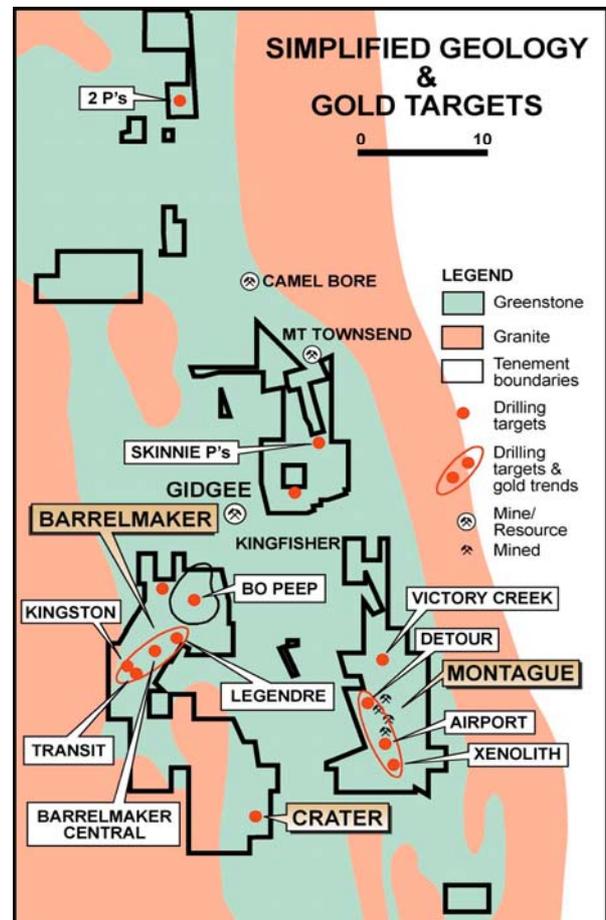
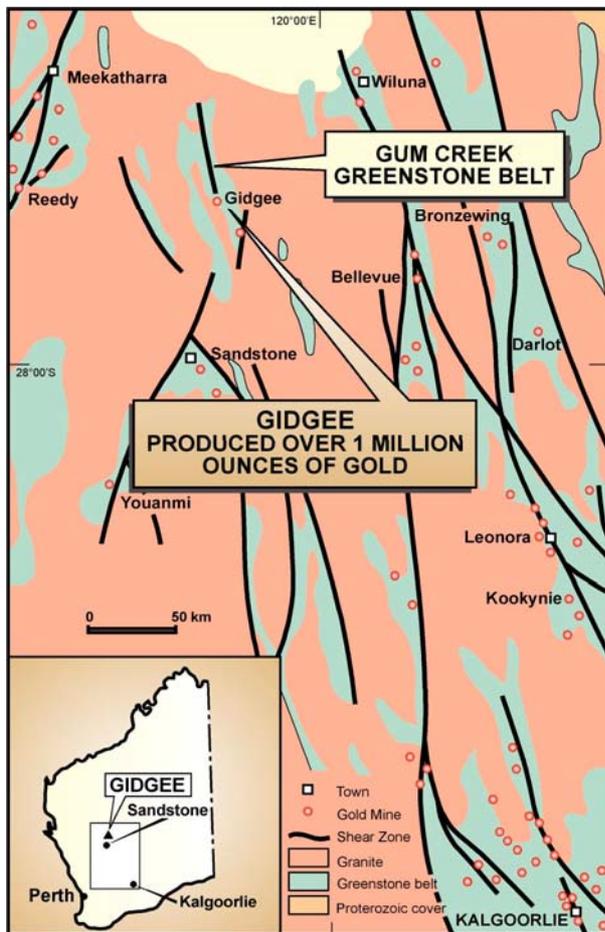
GIDGEE GOLD PROJECT

The Gidgee Project is located 630 kilometres northeast of Perth. Geologically it is located within the Gum Creek Greenstone Belt at the northern end of the Southern Cross Province of the Archaean Yilgarn Craton. The Belt has yielded significant gold mineralisation well in excess of 1 million ounces, primarily from shallow opencuts and small underground operations.

Project Package

Gateway has been steadily acquiring ground since 1995. The project package today comprises of an extensive landholding (398 sq km). Equity interests range from 75% to 100%.

The company is targeting gold resources at Gidgee and in particular within the Montague group of tenements. Exploration is focussed on delineating resources that may be exploited by either open pit or underground mining methods.



Gold Targets plan showing Montague to the east, Barrelmaker to the west and Crater centrally in the south.

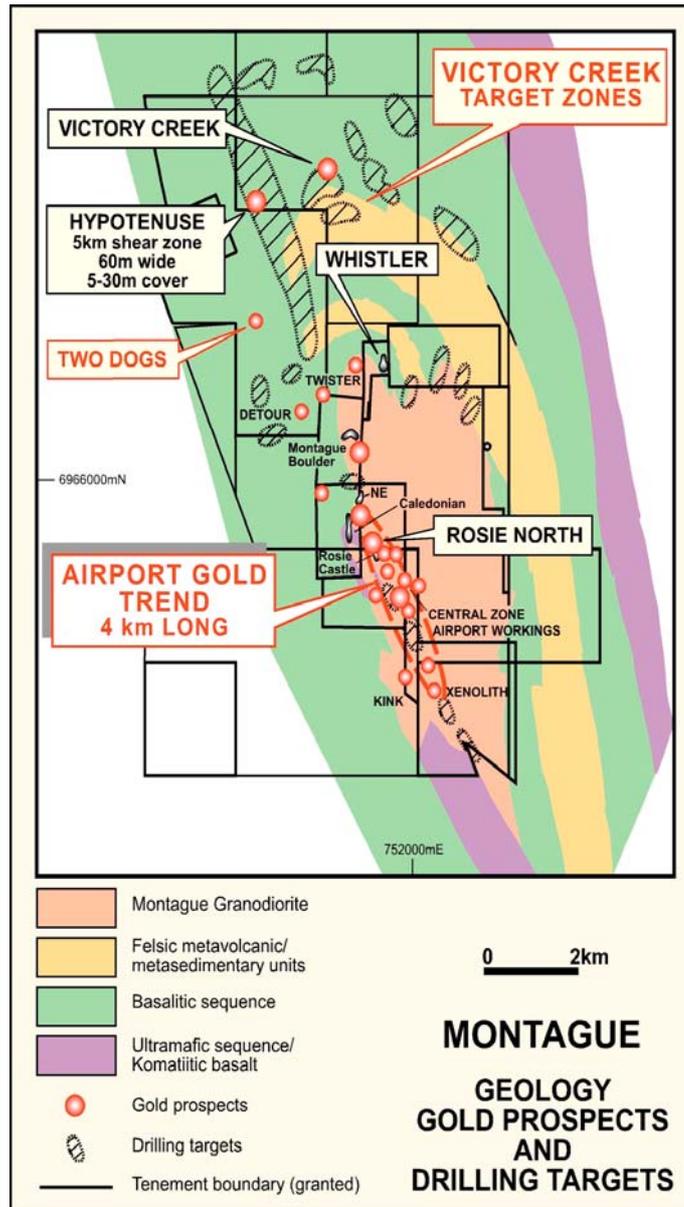
Exploration

During the last twelve months the company has completed over 11,900 metres of rotary airblast (RAB) drilling and over 6,000 metres of reverse circulation (RC) drilling.

## Montague

Gateway 75% - 100%

A detailed interpretation of low level airborne magnetics covering Montague outlines up to 22 drilling targets. Results highlight the northwest trending Airport gold trend, up to seven untested targets at Victory Creek, and the northwest trending shear zone over 5 kilometres that hosts the Hypotenuse prospect. The area is dominated by the Montague granodiorite to the south surrounded by a deformed sequence of predominantly mafic volcanics and sediments. Numerous gold prospects have been discovered and are summarised below.



## Airport Gold Trend

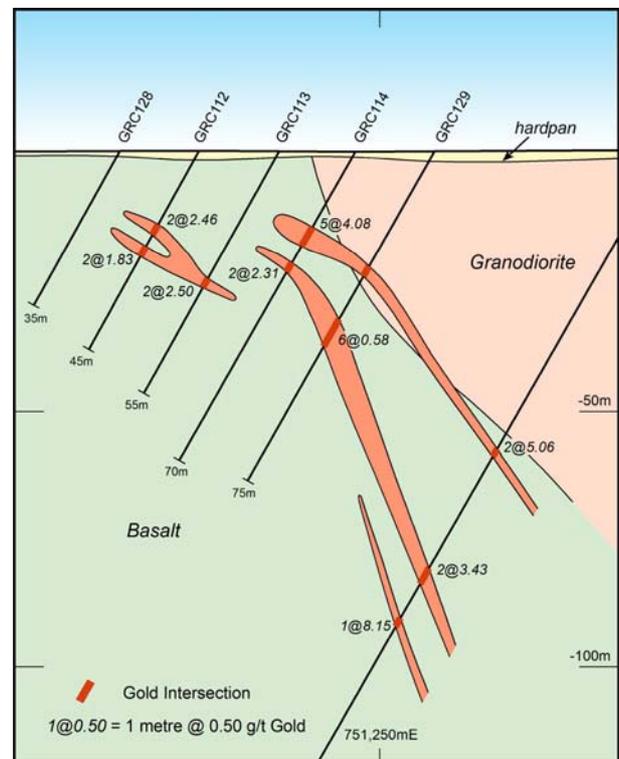
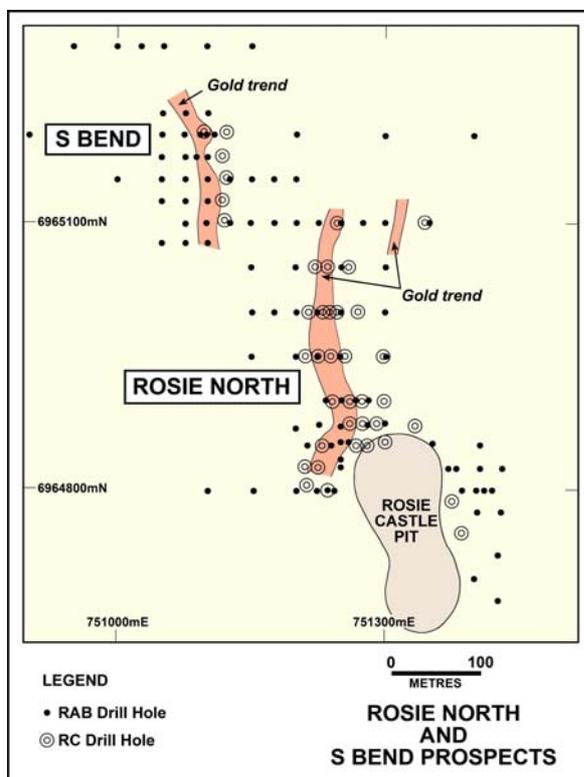
The Airport Gold Trend is focused along a northwesterly trending shear zone hosted by the Montague granodiorite in the south and basaltic volcanics in the north. This trend is crosscut by northeast structures. Numerous prospects have been discovered from drilling along the mineralised trend. These include S Bend, Rosie North, Central and Bullseye.

## Rosie North

Rosie North is located on the contact zone between the Montague granodiorite to the east and basaltic rocks to the west. Gold mineralisation is closely associated with the shallow easterly dipping contact as evident from drilling and the mined Rosie Castle open pit to the south.

Drilling has successfully intersected gold mineralisation over a 300 metre strike length that is open to the north. Drill intersections include 5 metres @ 19.10 g/t and 5 metres @ 6.54 g/t within 40 metres of the surface.

Drilling has also intersected narrow steeply dipping high-grade quartz-pyrite veins on the footwall side (below) of the main Rosie trend. Drilling results have included 1 metre @ 28.0 g/t gold and 2 metres @ 12.76 g/t gold in fresh rock at a vertical depth of 60 metres. Significantly the vein mineralisation appears continuous down dip in the fresh rock zone and has been intersected over a strike length of 75 metres.



ROSIE NORTH DRILL SECTION 6,964,950mN

## S Bend

Seven RC holes for 634 metres were drilled at S Bend with holes testing an anomalous gold trend over 150 metres strike length intersected in earlier shallow RAB drilling. Holes intersected steeply dipping gossanous quartz veining within sheared mafic rocks.

Results included 8 metres @ 3.44 g/t gold that included 2 metres @ 11.49 g/t gold and an intersection of 7 metres @ 2.40 g/t gold. Greater than 1 g/t gold has been intersected over a 100 metre strike length and needs to be further investigated.

#### Rosie Castle, NE and Montague Boulder pits

Fourteen holes tested various structural targets below the shallow open pits. A new zone of gold mineralisation was intersected below the North East pit, drillhole GRC 150 returned 2 metres @ 2.87 g/t gold from 55 metres. Drilling below Rosie Castle pit intersected a quartz-arsenopyrite vein that returned 2 metres @ 2.96 g/t gold that included 1 metre @ 4.96 g/t gold

#### Central Zone

The Central zone comprises a high-grade core over 75 metres in strike length that plunges shallowly to the north. The down plunge potential to the north still needs further testing. Excellent grades have been intersected at Central including 6 m @ 39.85 g/t (includes 1m @ 173.39 g/t), 3 metres @ 14.56 g/t, 2 metres @ 10.14 g/t and 1 metre @ 20.86 g/t gold.

#### Bullseye

The Bullseye prospect is located 200 metres to the south west of Central. Drilling has returned 5 metres @ 22.18 g/t and 5 metres @ 3.33 g/t gold within granodiorite hosted quartz-pyrite veining. The Bullseye trend extends northwards for approximately 300 metres within a lower grade halo and will be further tested.

#### Pannikin

At Pannikin ten holes intersected further quartz veining with anomalous gold mineralisation including 5 metres @ 2.8 g/t gold and 4 metres @ 0.41 g/t gold at the bottom of the hole.

#### Whistler

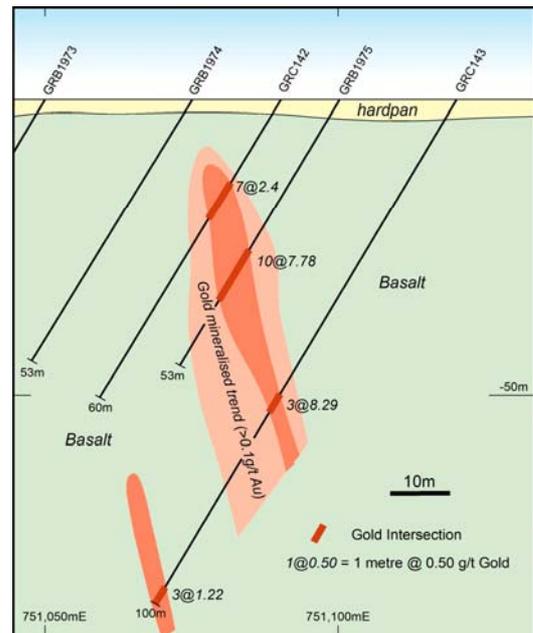
The company has completed a preliminary estimate of the underground gold resource below the old open Cut Whistler pit.

A diluted, potentially mineable resource\* was estimated using a minimum horizontal width of approximately 2 metres. An Inferred mineable resource in polygons with average grade >3 g/t gold was calculated as:

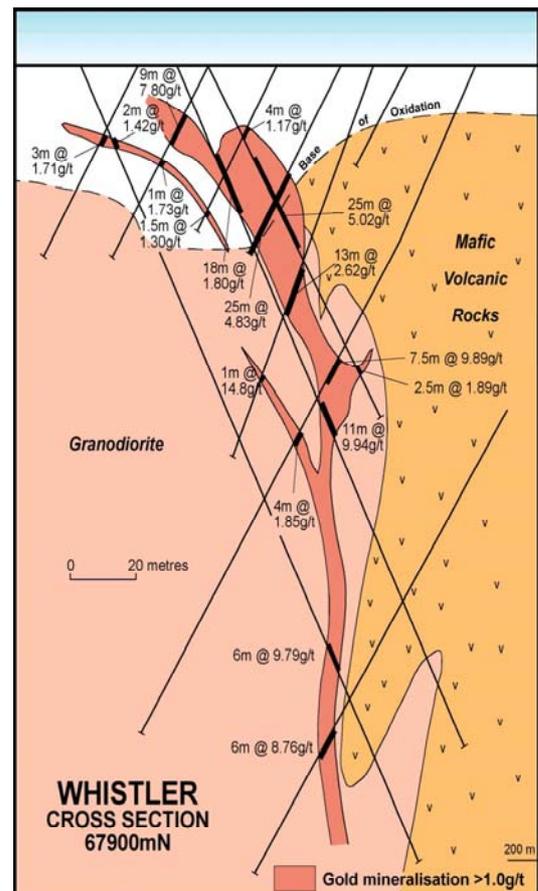
- 106,000 tonnes @ 7.5 g/t gold (uncut) or approximately 25,600 ounces
- 106,000 tonnes @ 5.7 g/t gold (cut-topcut 15 g/t gold) or approximately 19,500 ounces.

The company continues to investigate additional target zones parallel to the Whistler structure to increase the resource base.

*\*The resource estimate for Whistler deposit has been undertaken by Mr Gary Brabham of Hellman & Schofield Pty Ltd. Mr Brabham is a corporate member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience 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 1999 release of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Brabham consents to the inclusion of the information in the report in the form and context in which it appears.*



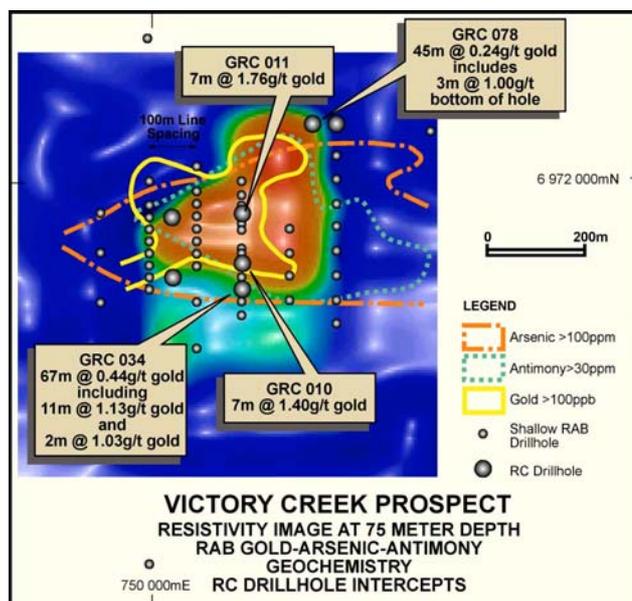
S BEND DRILL SECTION 6,965,125mN



## Victory Creek

Regional RAB drilling has continued during the year testing large geochemical and magnetic targets hosted within sedimentary and felsic units under 20-30 metres of transported cover. These include the Victory Creek, Hypotenuse, Julia's Fault and Two Dogs prospects. The area has undergone very little previous exploration and in particular minimal drill testing. The company regards the area as highly prospective.

At **Victory Creek**, shallow 40 metre deep RAB drill holes on 100 metre spaced lines discovered a large multi-element (gold-arsenic-antimony) geochemical anomaly. Limited deeper RC and diamond drilling intersected wide zones of intense alteration up to 70 metres wide that is directly associated with the geochemical anomaly. Results of an IP survey have also identified a bullseye resistivity high coincident with alteration and geochemical zones.



Drilling results include 45 metres @ 0.24 g/t gold and 67 metres @ 0.44 g/t gold (including 11 metres @ 1.13 g/t gold), 7 metres @ 1.40 g/t gold and 7 metres @ 1.76 g/t gold.

At **Hypotenuse** wide spaced regional RAB drilling continues to provide encouraging results. Five traverses over a 1.6 kilometre strike length confirmed strong arsenic and gold anomalous trends from the Hypotenuse Victory Creek region. Holes spaced at 100 metres returned gold values up to 0.83 g/t and arsenic up to 3758 ppm. These values are significant considering the wide hole spacing and shallow drilling (<50 metres depth). The Hypotenuse trend extends for 5 kilometres and is up to 60 metres wide under 5-30 metres of cover.

Wide spaced regional RAB drilling along the north east trending **Julia's Fault** zone has returned arsenic and gold anomalism. The gold trend (>100ppb) extends for over 600 metres within a larger surrounding arsenic corridor, both are open along strike. Bottom of hole gold grades of up to 1.05g/t gold have been returned

Follow up drilling is highly recommended for the Victory Creek prospects and will be ongoing.

## Barrelmaker

The Barrelmaker trend consists of a series of gold-in-laterite anomalies trending southwesterly over 4 kilometres with values that exceed 50 ppb gold. The trend is covered by tenements held 100% by Gateway, the Legendre joint venture in the north and by a joint venture with Herald Resources in the south.

At **Barrelmaker Central** gold anomalism, up to 0.45 g/t gold in surface laterites and underlying bedrock, including 12 metres @ 0.44 g/t gold warrants further drill testing.

A gold anomaly has been identified within the **Legendre JV** covering an area of 600 x 600 metres. The company believes these results are indicative of a potentially large gold bearing system. Previous RAB drilling results include 10 metres @ 0.53 g/t gold and 20 metres @ 1.75 g/t gold.

Also at Legendre previous RAB drilling by Gateway has delineated ultramafics over a 3.5 kilometre length hidden below transported lateritised cover. The shallow drilling discovered elevated nickel (>0.3%), copper (>900ppm) and platinum (up to 47ppb). An interpretation of airborne magnetics confirms a magnetic high coincident with the ultramafic zone as delineated in the drilling. The zone is open to the south.

A ground electromagnetic (EM) survey was completed over a portion (900-metre strike) of the hidden ultramafic belt delineating an EM anomaly at the southern end of the survey. One hole tested the EM anomaly. No sulphides were encountered in the drilling with a best result of 5 metres @ 0.33% nickel intersected above the EM anomaly.

At **Barrelmaker West** previous multi element analysis of laterites suggests there may be ultramafic rocks within the licence. Two RAB drill traverses drilled 1.5 kilometres apart intersected ultramafic rocks. Results from the oxide zone included nickel up to 2788 ppm and copper up to 318 ppm. The area will be further investigated.

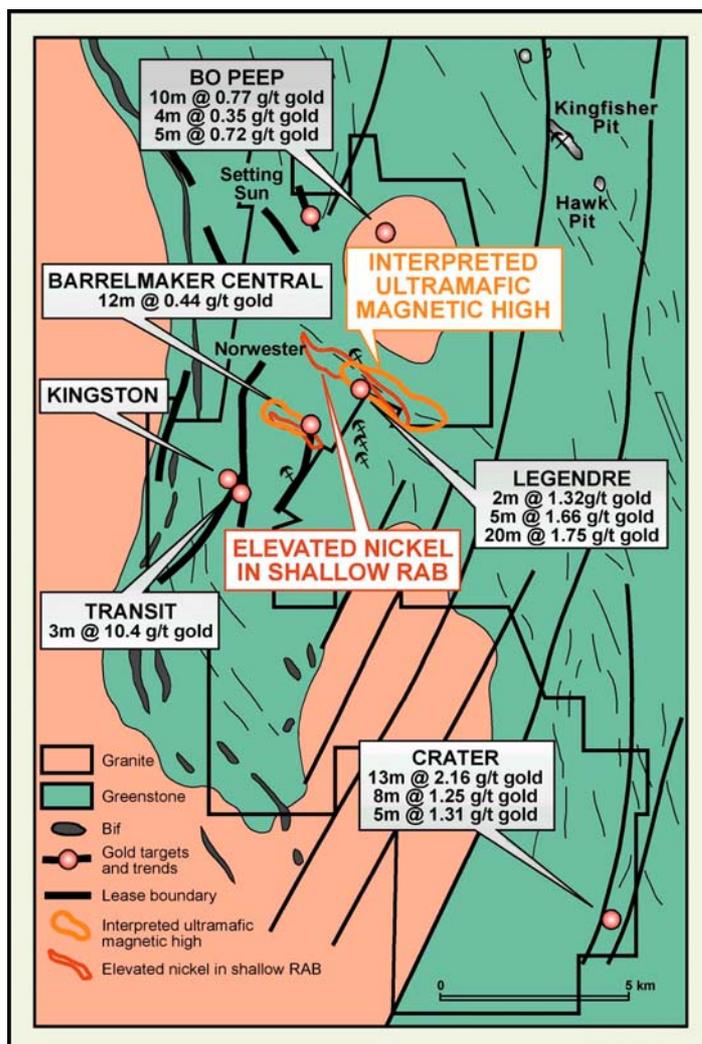
At **Kingston** a central core of greater than 0.10 g/t gold surface material in laterites extends over one kilometre. Previous limited shallow drilling on two traverses intersected gold mineralisation and narrow gossanous quartz veining. The Kingston trend requires further testing.

At **Transit** previous RAB drilling intersected gold mineralisation over a strike length of 200 metres. Results included 15 metres @ 2.31 g/t gold. Limited RC drill testing (eight holes) at 50 metres centres over a length of 200 metres penetrated to a maximum vertical depth of 100 metres. Drilling intersected (1-6 metres wide) shallow westerly dipping quartz veins. Results included 1 metre @ 1.24 g/t, 1 metre @ 2.61 g/t, 1 metre @ 6.91 g/t and 2 metres @ 1.44 g/t gold. More drilling is needed to test the Transit area.

At **Bo Peep**, gold anomalism associated with quartz veining within the Bo Peep granite has been returned from drilling. The mineralised trend has an east-west orientation and included 10 metres @ 0.77 g/t and 5 metres at 0.72 g/t gold. More drilling is required to test the zone.

### Crater

A virgin discovery was announced previously where drilling on one line returned 13 metres @ 2.16 g/t gold. Five RAB holes confirmed a northerly trending arsenic anomaly close to an interpreted mafic-felsic contact.



## New South Wales

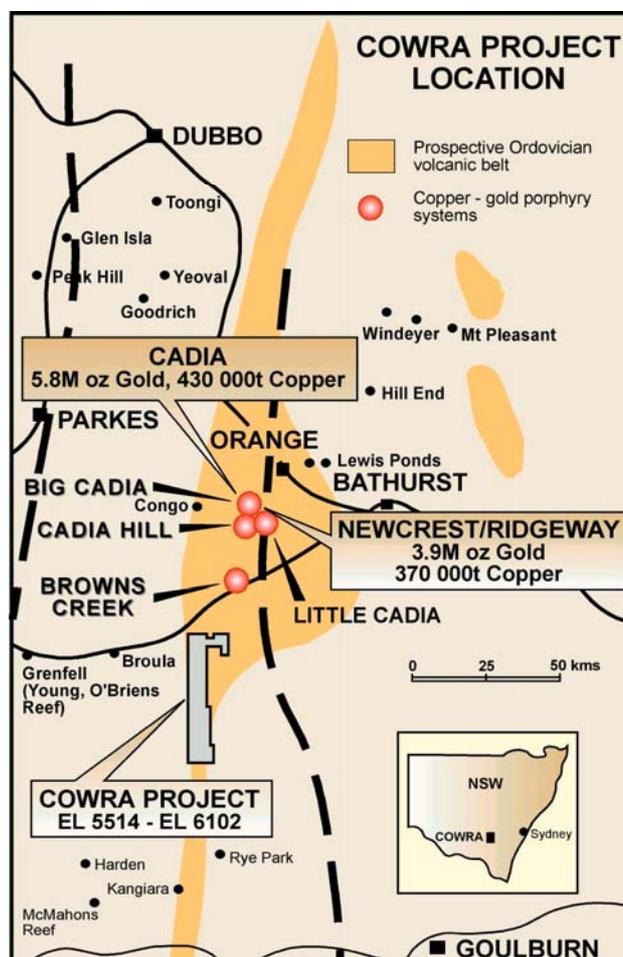
**COWRA**

Gateway Mining 100%  
Goldminco Corporation earning 70%

The Cowra Project is located within the Molong volcanic belt in the prospective Lachlan Fold Belt of New South Wales. This region hosts some of the state's most significant mineral deposits including Cadia, Ridgeway, Lake Cowal and Browns Creek. The area was acquired for its potential to host porphyry related copper-gold mineralisation in Ordovician volcanics and sediments. The project covers over 60 kilometres of prospective Ordovician rocks. Potential also exists for volcanic massive sulphide base metal deposits.

Exploration results to date have been encouraging, displaying similar features to the styles of deposits found in the Lachlan Fold Belt. During 2003 a Farm-In and Joint Venture agreement was entered into with Straits Exploration (Australia). The terms of the agreement require Straits to spend \$800,000 to earn a 51 percent interest within the first 30 months of which \$250,000 will be spent in the first 12 months. Straits will then have the option to spend a further \$1.2m to earn a 70 percent interest in the project within the next 24 months.

On 14 April 2004 the Company announced it had finalised an agreement with Straits to transfer its Farm-In and Joint Venture Agreement to Goldminco Corporation (GCP:TSX Venture Exchange). The company sees this as an opportunity to include the project in a well funded, predominantly NSW focused exploration company and at the same time gain exposure to a suite of highly prospective projects.

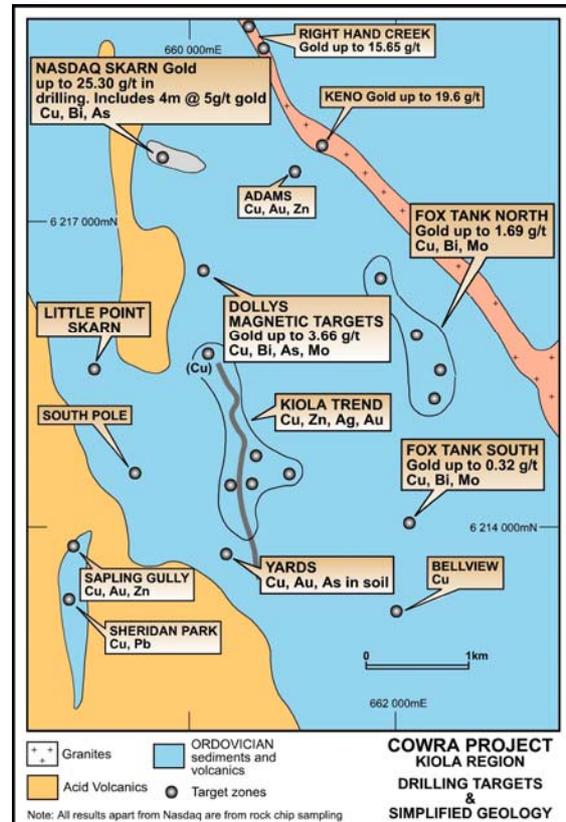
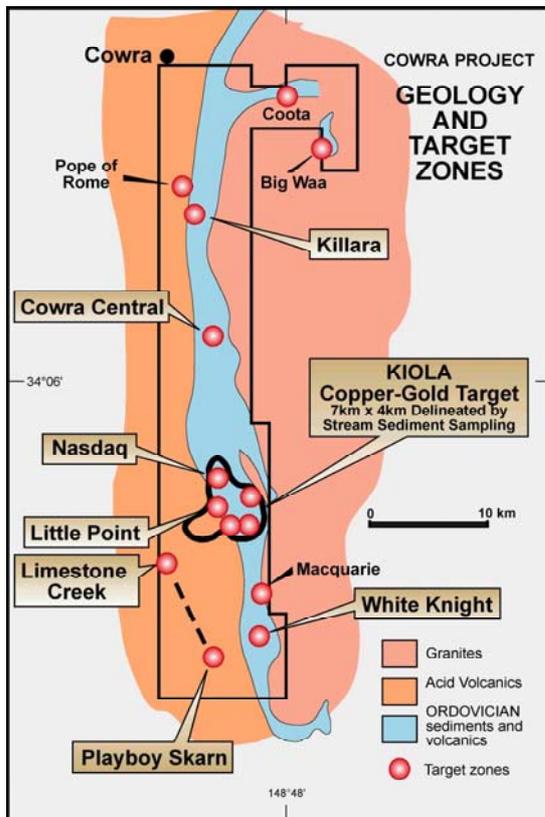
**Target Generation and Exploration Progress**

Prior to the Joint Venture a detailed and systematic compilation of all previous explorers work was completed. Based on this review Gateway then conducted detailed programs of geochemical sampling, airborne and ground magnetics and drilling. Results were encouraging and attracted Straits to the area and the formation of the Cowra Joint Venture.

Future exploration will test highly prospective targets at Kiola and regional targets at Killara, Cowra Central and Playboy.

**Kiola**

The Kiola region is a large copper-gold bearing zone covering an area of 7 km x 4 km. The only drilling reported in this area was carried out by Mines Exploration in the late 1960s, involving four holes totalling 637 metres. Results have delineated numerous prospects including the Nasdaq gold and copper bearing skarn, with Gateway drilling returning grades of up to 25.30 g/t gold and 8.41 g/t gold in narrow zones.



Work by Straits commenced in May 2003 with programs of soil sampling for geochemistry to further aid in delineating drilling targets. During the year a drilling program of 22 holes for 2,854 metres was undertaken. Skarn alteration and mineralisation was intersected at a number of anomalies. Results included 30 metres @ 0.6% copper and 0.5% zinc, 24 metres @ 0.2% copper and 2.4% zinc and 4 metres @ 1.0 g/t gold.

## Regional Targets

Programs of ground magnetics, soil sampling for geochemistry and reconnaissance were completed to assess the regional prospectivity of the remainder of the project. The regional work focused on mineralised skarn outcrops and covered aeromagnetic skarn targets outside of the Kiola area.

The **Playboy** prospect hosts an extensive skarn that potentially extends from Playboy Hill in the south to Limestone Creek in the north over some four kilometres. Previous explorers have sampled parts of the skarn in the south at Playboy Hill (Esso) and in the north at Limestone Creek (Delta Gold). However little work has been carried out in the central portion and none in areas of cover. Delta Gold reported rock chip values up to 0.2% copper, 0.15 g/t gold, 0.31% zinc.

Esso drilled 5 holes in the south and assayed for copper, lead, zinc and silver and only a selected portion in two holes for gold. Up to 0.47% copper was reported. Drilling intersected a skarn zone up to 35 metres wide on two lines 500 metres apart.

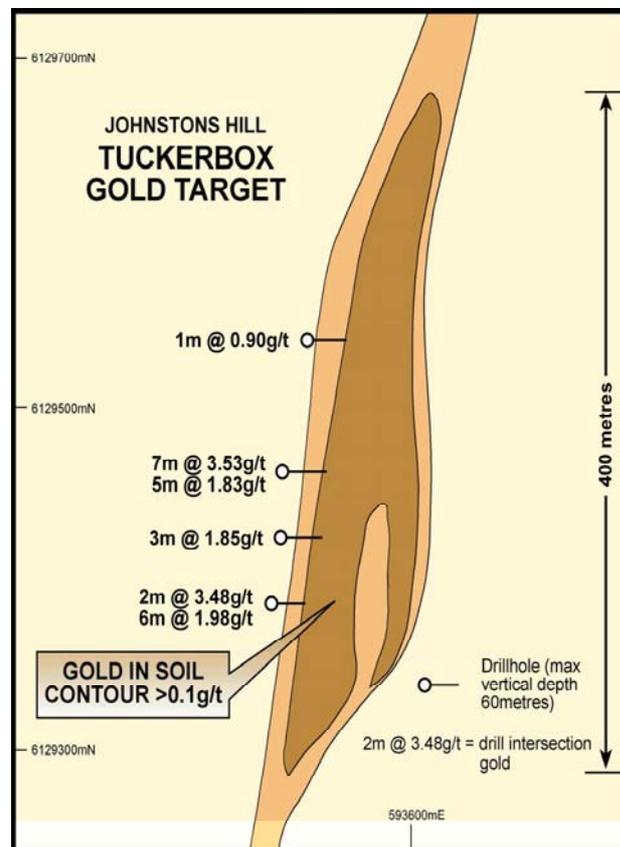
**Cowra Central** hosts a series of geochemical and airborne magnetic targets that require further exploration.

The **Killara** area hosts a combination of geochemical and magnetic features that warrant investigation. A large strong geochemical signature of copper-gold-molybdenum-lead-zinc has been interpreted from previous stream sediment sampling. Offset to the east up to three cylindrical magnetic highs have been interpreted from airborne magnetics.

## TUCKERBOX

Gateway 100%

The Tuckerbox gold project (formerly Cootamundra) is located north west of Gundagai and includes part of the historic goldfields of Burra, Bongongalong and North Gundagai. Gold mineralisation is located in different geological environments including quartz veins, stockworks, silicified volcanics and volcanogenic sediments.



### Exploration Progress

The company continues to focus its efforts at the Johnstons Hill mineralised structure that extends for 2.5 kilometres. Rock chip sampling along the line of lode has returned values including 12.51 g/t, 14.90 g/t and 16.40 g/t gold. First pass drilling by Gateway at Tuckerbox intersected significant gold mineralisation including 7 metres @ 3.53 g/t and 2 metres @ 3.48 g/t gold.

Mapping and soil sampling south at Tuckerbox has traced the Johnstons Hill line of lode for a further 1200 metres. Results of soil sampling have delineated a gold mineralised trend with a spot high of greater than 3 g/t gold.

During the year an RC drilling program comprising eight holes for 450 metres was completed. At Tuckerbox, gold mineralisation (>0.50 g/t) has now been intersected over a total strike length of 300 metres with a central zone of > 1 g/t gold extending for 180 metres.

Queensland

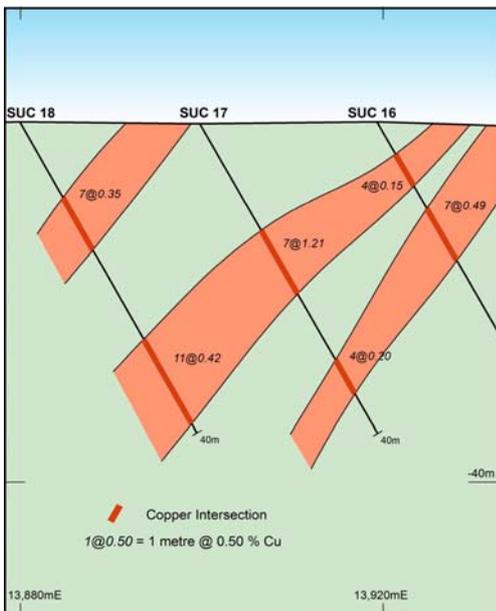
**SURPRISE**

Gateway 100%

Located south of Kajabbi in the Mt Isa region, the project includes the historic Surprise Mine, its northern and southern strike extensions and numerous prospector pits and historical workings in the central and northeastern parts of the project.



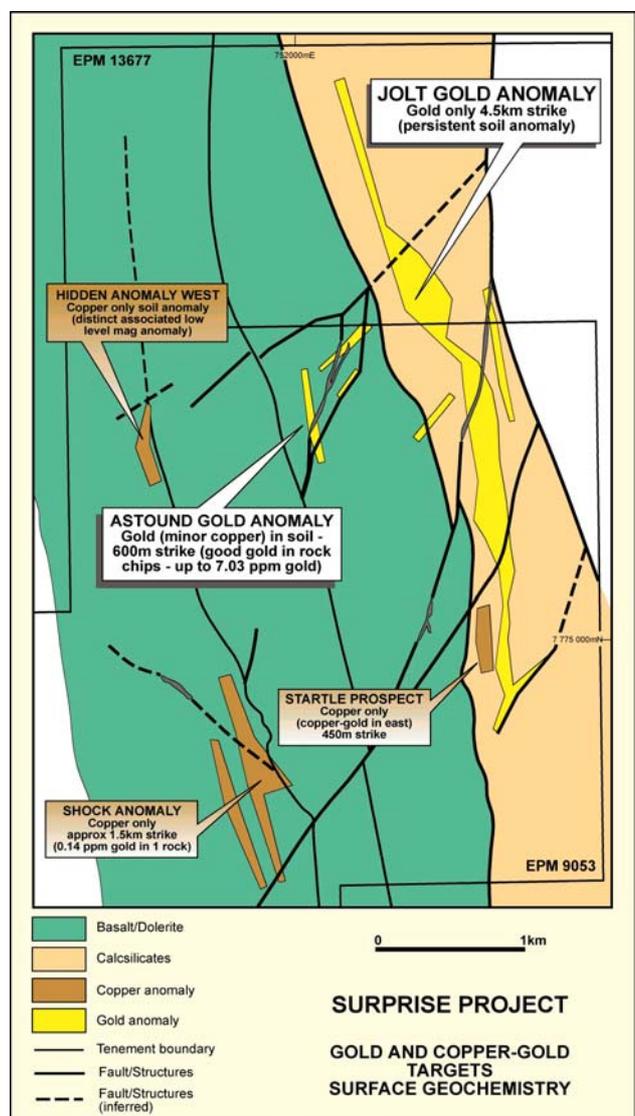
More drilling is required at Startle where shallow drilling to 30 metres vertical depth has intersected copper mineralisation over an open-ended strike length of 400 metres. Copper-in-soil anomalous zones at the Shock prospect and in the northwest remain untested. The northern extension to the Surprise Mine needs further testing along strike.



STARTLE DRILL SECTION 14,200mN

Several gold only target zones warrant testing. These include the Jolt and Astound gold-in-soil targets.

The Jolt gold-in-soil anomaly extends for 4.5 kilometres. The Company completed infill soil sampling on seven lines spaced at 200 metres apart over 1.2 kilometre strike length. Sample spacing on the remainder of the anomaly is on lines 1 kilometre apart. Results confirmed a continuous gold in soil anomaly that extends for up to 1 kilometre. Within this zone are four zones of up to 150-metre strike length that contain greater than 50ppb gold with peak values up to 0.16 g/t gold.



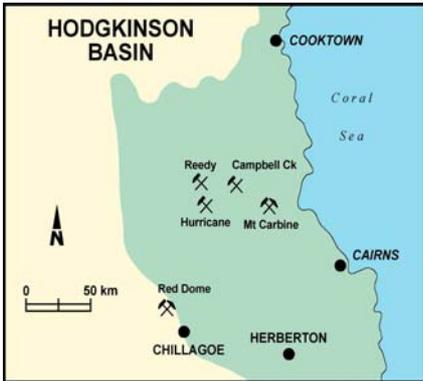
Rock chip sampling results included up to 0.6 g/t gold from the Jolt anomaly and 0.3 g/t gold from Surprise extended.

The company now seeks a joint venture partner to test the target zones and delineate deeper targets for drill testing.

## HODGKINSON BASIN

Gateway 60%

Gateway Mining's Hodgkinson Basin Projects are located 120 kilometres north west of Cairns made up of Exploration Permits for Minerals, 9934, 10026 and 12240, with another Permit 11765 under application. All under joint venture agreements where Gateway is the Manager.



An application for a Mineral Development Licence (MDL254) over the resource at Hurricane (230,000 tonnes @ 0.90g/t gold) is still pending.

The company has identified several coincident structural anomalous zones with the potential to host significant gold mineralisation. Most of these zones remain untested.

### Reedy Project

Gateway has delineated a measured, indicated and inferred resource of 700,000 tonnes @ 1.65 g/t gold at Reedy 8A. Stream sediment results have better defined four gold bearing areas in close proximity to Reedy 8A.

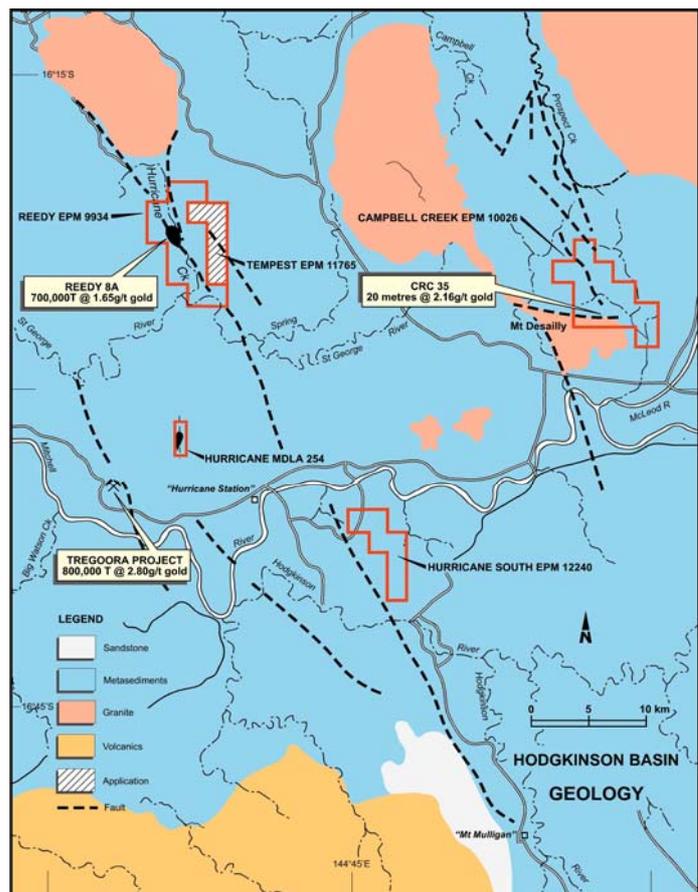
### Campbell Creek

Correlation of all stream sediment sampling results has identified an open ended 1.5-kilometre long anomalous zone that has not been fully tested. Geochemical anomalous basins are coincident with the main NW trending Tullah Fault Zone.

Limited drilling in 1995 and 1996 confirmed mineralisation in part of this anomalous trend. A large percentage of the project is under explored.

### Hurricane South

Contains gold anomalous basins delineated from stream sediment sampling programs that need to be investigated.



### MINING TENEMENTS

The company holds the following percentage interest in the undermentioned tenements: -

TENEMENT SCHEDULE		
PROJECT	<u>TENEMENTS</u>	% INTEREST
GIDGEE	P53/673 – 674 (MLA53/593), P53/676 (MLA53/592), P57/801-802 (MLA57/452), P57/844 (MLA57/453), E57/255 (MLA57/467, 468)	90
	MLA53/938, PLA57/976, MLA53/939 & MLA53/905, MLA53/906, MLA53/926, P57/879 (MLA57/483), P57/882 (MLA57/472)-884 (MLA57/471), P57/893 (MLA57/497), (MLA57/464, 504), E57/342 (MLA57/487), E57/343 (MLA57/486), E57/359 (MLA57/460, 495 & 496), MLA57/462, 463, MLA57/466, 484, E57/394 (MLA57/470, 498), ELA57/401, ELA57/402, ELA57/405, ELA57/417, ELA57/418, ELA57/562, ELA57/563, MLA53/909	100
	E57/232 (MLA57/387, 388)(Legendre JV)	(earning) 80
	MLA53/907, 987, MLA57/445, 446, 461, 502 & 503 (Yardarino JV)	75
	E57/334 (MLA57/447, 488, 489), E57/335 (MLA57/448, 449, 490, 491)(Herald Resources JV)	80
	E57/239 (M57/429, 485), ELA57/390, 561 (Estuary Resources JV)	75
	M57/48,98,99,217, G57/2 (Herald Resources JV)	85
COWRA	EL 5514,6102	100
COOTAMUNDRA	EL 4811	100
BARRA	EL 5947	100
HODGKINSON BASIN	EPM 9934	60
	EPM 10026	60
	EPM(A) 11765	60
	EPM 12240	60
	MDL(A) 254	100
SURPRISE	ML 2483, 2509, 2686, 90102	100
	EPM 9053, EPM 13677	100

Your directors present their report on the company for the financial year ended 30 June 2004.

## 1. DIRECTORS

The names and details of the directors of the company in office at any time during or since the end of the year are:

### Names, Qualifications, Experience and Special Responsibilities

#### **Brian Gomez** (Chairman)

B Sc (Earth Sciences) from Macquarie University

Appointed Chairman in 1995. Board member since 1995. Brian has been analysing and writing about resource projects and issues in Australia and internationally for more than two decades. He has acted in a corporate advisory capacity to a number of listed and unlisted resource companies and delivered papers at International Conferences. Brian is a former Jefferson Fellow at the East West Center in Honolulu and a Fellow of the Institute of Company Directors.

#### **Robert A. Creelman** (Consultant geologist)

BA. MSc (Hons), PhD., .F.Aust IMM. CP (Geol.)

Board member since 1994. Dr Creelman is a Fellow of the Australian Institute of Mining and Metallurgy, and a Certified Professional (Geology) with the Institute. He has had over 30 years experience in the geosciences and allied engineering disciplines and has been a director of public companies involved in exploration and mining.

Through his consultancy, he has been involved in exploration for gold, base metals, fuel and platinum resources.

#### **Brian F. Thornton**

B.Ec., A.S.I.A

Board member since 2001. Brian Thornton, a graduate in Economics from the Australian National University and an Associate of the Securities Institute of Australia, has a diverse background covering the public and private sectors. He has worked as an adviser to the resources sector for almost 20 years and consults to a number of listed gold base metals and bulk commodity companies. His expertise covers IPO's, mergers and acquisitions and capital raisings. He is also a director of Gel Oil Pty Limited.

### Interests in the shares and options of the Company.

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

	Ordinary shares	Options over ordinary shares
B. Gomez	201,250	211,250
R.A. Creelman	70,500	199,500
B.F. Thornton	8,882,403	1,275,639

**2. PRINCIPAL ACTIVITIES**

The principal activities of the company during the year were resource exploration and investments. There were no significant changes in the nature of the activities of the company that occurred during the year.

**3. RESULTS AND DIVIDENDS**

The loss from ordinary activities after tax for the year was \$420,595 (2003 - \$787,547). No dividends have been declared or paid during the year.

**4. REVIEW OF OPERATIONS**

The company continues to assess and evaluate its exploration tenements in Western Australia, New South Wales and Queensland. (See Operation Review). On 13<sup>th</sup> April 2004 the Company signed an Agreement with Straits Exploration (Australia) Pty Limited ("Straits") to transfer the Farm-In and Joint Venture Agreement over the Cowra Project to Goldminco Corporation ("Goldminco"). Under the transfer, the terms of the original Joint Venture remain the same and are transferred to Goldminco. The terms required Straits to spend a minimum of \$800,000 to earn a 51% interest in the Joint Venture and a further \$1,200,000 to earn up to a 70% interest. Straits had spent approximately \$300,000 on exploration before the transfer. Goldminco are thus required to spend approximately \$1,700,000 to earn a 70% interest in the Project.

**5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the company which occurred during the financial year ended 30 June 2004.

**6. ENVIRONMENTAL REGULATION**

The company's operations are subject to various environmental regulations under State regulations. The Directors are not aware of any material breaches during the financial year.

**7. SIGNIFICANT EVENTS AFTER THE BALANCE DATE**

There have been no significant events occurring after balance date.

**8. LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The directors believe, on reasonable grounds, that it would unreasonably prejudice the interests of the company if any further information on likely developments in the operations of the company and the expected results of these operations, were included herein.

**9. SHARE OPTIONS**

At the date of this report, there were 9,692,828 unissued ordinary shares under options (2003-9,692,828). The option is exercisable at 30 cents on or before 1<sup>st</sup> March 2007.

**10. EMPLOYEES**

There were 2 employees as at 30 June 2004 (2003- 2)

**11. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION**

Disclosure relating to directors' and executive officers' emoluments has been included in Note 5 of the financial report.

## 12. DIRECTORS AND OFFICERS LIABILITY INSURANCE

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has entered into an agreement to indemnify every officer to the extent permitted by law, against all costs expenses and liabilities incurred providing it is in respect of a liability to another person (other than the Company or a related body corporate) where such liability does not arise out of conduct involving a lack of good faith and it is in respect of a liability for costs and expenses incurred in defending proceedings in which judgement is given in favour of the officer or in which the officer is acquitted or is granted relief under the law.

The company has paid premiums to insure each of the directors and executives against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or executive of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium paid during the year ended 30 June 2004 was \$19,892. The directors are Brian Gomez, R.A Creelman and Brian Thornton.

## 13. DIRECTORS' MEETINGS

During the financial year, 6 meetings of directors (including committees) were held. Attendances were:

	Meetings held	Meetings attended
B. Gomez	6	6
R.A.Creelman	6	4
B.F.Thornton	6	5

The company does not have an Audit Committee as this function is performed by the Board of Directors.

## 14. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gateway Mining NL support and adhered to the principles of corporate governance. These principles have been formalised by the Board in the corporate governance statement contained in the additional ASX information section of the annual report.

## 15. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed in accordance with a resolution of the directors.



**B. F. THORNTON**

Director

Sydney, 30 September 2004

## 5. STATEMENT OF FINANCIAL PERFORMANCE

Year ended 30 June 2004

	NOTE	2004 \$	2003 \$
• Revenues from ordinary activities	2	277,243	67,450
• Depreciation and amortisation expense	3	(6,615)	(6,647)
• Employee expenses		(208,677)	(185,871)
• Professional Services Rendered		(89,800)	(73,800)
• Office expenses		(99,858)	(97,778)
• Compliance fees		(17,437)	(18,925)
• Share registry fees		(20,140)	(13,774)
• Diminution charges in listed shares	3	(43,652)	(280,670)
• Investment written off	3	-	(100,000)
• Carrying amount of disposed investments		(128,035)	-
• Other expenses from ordinary activities		(83,624)	(77,532)
• <b>Loss from ordinary activities before income tax expense</b>	3	<b>(420,595)</b>	<b>(787,547)</b>
• <b>Income tax expense relating to ordinary activities</b>	4	<b>-</b>	<b>-</b>
• <b>Loss from ordinary activities after income tax expense</b>		<b>(420,595)</b>	<b>(787,547)</b>
• <b>Net loss</b>		<b>(420,595)</b>	<b>(787,547)</b>
• <b>Net loss attributable to members of Gateway Mining NL and total change in equity</b>	14	<b>(420,595)</b>	<b>(787,547)</b>
• Basic earnings per share	7	(0.0050)	(0.0110)
• Diluted earnings per share	7	(0.0047)	(0.0090)

The accompanying notes form part of these financial statements

	NOTE	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
• Cash assets		1,000,553	904,023
• Receivables	8	164,632	79,644
<b>TOTAL CURRENT ASSETS</b>		<b>1,165,185</b>	<b>983,667</b>
<b>NON-CURRENT ASSETS</b>			
• Receivables	8	25,608	109,554
• Other financial assets	9	906,424	1,070,195
• Plant and equipment	10	14,698	21,313
• Deferred exploration and evaluation expenditure	11	5,922,247	5,302,794
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6,868,977</b>	<b>6,503,856</b>
<b>TOTAL ASSETS</b>		<b>8,034,162</b>	<b>7,487,523</b>
<b>CURRENT LIABILITIES</b>			
• Payables	12	28,764	34,250
<b>TOTAL CURRENT LIABILITIES</b>		<b>28,764</b>	<b>34,250</b>
<b>TOTAL LIABILITIES</b>		<b>28,764</b>	<b>34,250</b>
<b>NET ASSETS</b>		<b>8,005,398</b>	<b>7,453,273</b>
<b>EQUITY</b>			
• Contributed equity	13	17,984,506	17,011,786
• Accumulated losses	14	(9,979,108)	(9,558,513)
<b>TOTAL EQUITY</b>		<b>8,005,398</b>	<b>7,453,273</b>

The accompanying notes form part of these financial statements

## 7. STATEMENT OF FINANCIAL CASHFLOWS

Year ended 30 June 2004

	NOTE	2004 \$	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
• Payments to suppliers and employees		(526,064)	(383,626)
• Interest and other income received		63,270	67,450
NET CASH USED IN OPERATING ACTIVITIES	16	(462,794)	(316,176)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
• Proceeds from sale of investments		213,973	
• Purchase of plant and equipment		-	(5,242)
• Purchase of listed securities		(7,916)	(398,890)
• Expenditure on mining interests		(619,453)	(809,179)
NET CASH USED IN INVESTING ACTIVITIES		(413,396)	(1,213,311)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
• Proceeds from issues of ordinary shares		1,008,000	-
• Placement fees		(35,280)	-
NET CASH FROM FINANCING ACTIVITIES		972,720	-
NET INCREASE IN CASH HELD		96,530	(1,529,487)
Add opening cash brought forward		904,023	2,433,510
<b>CLOSING CASH CARRIED FORWARD</b>	16	<b>1,000,553</b>	<b>904,023</b>

The accompanying notes form part of these financial statements

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basic of accounting**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the company of Gateway Mining NL as an individual entity. Gateway Mining NL is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a. Income Tax**

Tax-effect accounting is applied using the liability method whereby the income tax is regarded as expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

**Goods and Services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.
- Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.
- Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**b. Plant and Equipment Cost and valuation**

Plant and equipment are measured at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

**Depreciation**

Depreciation is provided on a reducing balance basis on all plant and equipment over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation rate
Plant and equipment	8% to 40%

**c. Investments**

Investments are brought to account at cost. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the current market value of the shares for listed investments or the cost for unlisted investments.

**d. Exploration and Development Expenditure Costs Carried Forward**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and where there are active and significant operations.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

**Amortisation**

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuity to carry forward costs in relation to that area of interest.

### e. Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure, platform removal and other costs associated with the restoration of the site. These estimates of the obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a prospective basis. In determining the restoration obligations, the company has assumed no significant changes will occur in the relevant Federal and State Legislation in relation to restoration of such mineral mines in the future.

No provision for restoration work has been made at this stage.

### f. Cash and cash equivalent

For the purpose of the Statement of Cash Flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.
- money market instruments readily convertible to cash within 14 working days.

### g. Comparative Figures

Where required by accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### h. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised when the company controls the right to receive interest payments.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

### i. Leases

Leases are classified at their inception as either operating or financial leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

#### Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

#### Financial leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance

### j. Earning per share

Basic earning per share is determined by dividing the net loss attributable to members by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earning per share adjusts the figure used in determining earnings per share by taking into account amounts unpaid on ordinary shares and any reduction in earnings per share that will probably arise from the exercise of options outstanding during the financial year.

### k. Sundry creditors and accruals

Recognition is based upon amounts to be paid in the future for goods and services received, whether or not billed to the company.

### l. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Any transactions costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### m. Adoption of Australian Equivalents to International Financial Reporting Standards.

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The company, along with its auditors, are assessing the significance of these changes and preparing for their implementation. The directors are of the opinion that the key differences in the company's accounting policies which will arise from the adoption of IFRS are:

#### ***Exploration and Development Expenditure***

The IFRS and the Australian equivalent of that IFRS, on Exploration for and Evaluation of Mineral Resources are not expected to be issued until the second half of 2004. Due to these uncertainties the company is unable to currently determine the key differences that may arise upon adoption of IFRS.

#### ***Income Tax***

Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. The net future income tax relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised. Under the Australian equivalent to IAS 12, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

#### ***Impairment of Assets***

The entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal.

Under AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell, and value in use. It is likely that this change in accounting policy will lead to impairments being recognised more often than under the existing policy

#### ***Non-current Investments***

Under AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

	NOTE	2004	\$	2003	\$
<b>NOTE 2: REVENUE FROM ORDINARY ACTIVITIES</b>					
<b>Non-operating activities</b>					
Interest received	2a	51,603		67,450	
Other revenue		11,667		-	
Proceeds on disposal of non-current investments		213,973		-	
<b>Total revenues from ordinary activities</b>		<b>277,243</b>		<b>67,450</b>	
a. Interest revenue from:					
- other persons		51,603		67,450	
Total interest revenue		51,603		67,450	
<b>NOTE 3: LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX</b>					
Loss from ordinary activities before income tax has been determined after:					
<b>Expenses</b>					
Depreciation of non-current assets:					
- plant and equipment		6,615		6,647	
Diminution in value of listed shares		43,652		280,670	
Rental expense on operating leases:					
- minimum lease payments		90,994		89,522	
Investment written off		-		100,000	
<b>Revenues and net gains</b>					
Net gain on disposal of non-current assets:					
- Investments		85,938		-	

NOTE	2004 \$	2003 \$
<b>NOTE 4: INCOME TAX</b>		
The prima facie tax on loss from ordinary activities before tax is reconciled to the income tax as follows:		
Prima facie tax benefit on operating loss from ordinary activities before income tax at 30% (2003: 30%)	(126,179)	(236,264)
Tax effect of permanent differences:		
- other non-allowable items	-	300
Tax effect of capital losses used and carried forward separately	(25,781)	30,000
Income tax benefit arising from current year loss	(151,960)	(205,964)
Benefit of tax loss not brought to account	151,960	250,964
Income tax expense attributable to loss from ordinary activities before income tax	-	-

As at balance date, the Company has estimated carry-forward tax losses of \$12,029,972 (2003: \$10,809,457), which is an income tax benefit of \$3,608,992 (2003: \$3,242,837). The Company has estimated carry-forward capital losses of \$14,063 (2003: \$100,000) which is an income tax benefit of \$4,210 (2003: \$30,000). The Company has timing differences of \$854,331 (2003: \$806,679), which is an income tax benefit of \$256,299 (2003: \$242,004).

These potential future tax benefits have not been brought into account. The taxation authority has not yet confirmed the quantum of the carried forward tax losses.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with;
- (c) no change in tax legislation adversely affects the company in realising the benefit.

**NOTE 5: REMUNERATION AND RETIREMENT BENEFITS**

*(a) Names and positions held of directors and specified executives in office at any time during the financial year are:*

*Entity directors*

Brian Gomez	Non-executive Director (Chairman)
Robert A. Creelman	Non-executive Director
Brian F. Thornton	Non-executive Director

*Specified Executives*

Steven Lian	CEO
Simon Taylor	Exploration Manager

As the company only has 2 specified executives, it is not possible to disclose the top 5 specified executives.

*(b) Directors' Remuneration*

Name	Primary			Post Employment	Equity	Total
	Fees	Super-Contribution	Cash/Non-Cash Benefits	Super-Contribution	Options	
	\$	\$	\$	\$	\$	\$
B. Gomez	18,000	-	-	-	-	18,000
R.A.Creelman	18,000	-	-	-	-	18,000
B.F.Thornton	10,000	-	-	-	-	10,000
	46,000	-	-	-	-	46,000

*(c) Specified Executives Remuneration*

Name	Primary				Post Employment	Equity	Total
	Salary	Fees	Super-Contribution	Cash/ Non-Cash Benefits	Super-Contribution	Options	
	\$	\$	\$	\$	\$	\$	\$
S. Lian	120,000	-	10,800	33,919	-	-	164,719
S. Taylor	-	88,000	-	10,300	-	-	98,300
	120,000	88,000	10,800	44,219	-	-	263,019

## NOTE 5: REMUNERATION AND RETIREMENT BENEFITS (cont'd)

*(d) Options Holdings – number held by Specified directors and executives  
Entity directors*

Name	Balance 1.7.03	Net change other*	Balance 30.6.04
B. Gomez	211,250	-	211,250
R.A. Creelman	199,500	-	199,500
B.F. Thornton	1,275,639	-	1,275,639

*Specified Executives*

Name	Balance 1.7.03	Net change other*	Balance 30.6.04
S. Lian	300,000	-	300,000
S. Taylor	262,500	-	262,500

*No options were exercised or granted as remuneration during the year*

*\* Net change other refers to options issued during the year*

*(e) Shareholdings – number held by Specified directors and executives  
Entity directors*

Name	Balance 1.7.03	Net change other*	Balance 30.06.04
B. Gomez	101,250	100,000	201,250
R.A. Creelman	40,500	30,000	70,500
B.F. Thornton	7,325,753	1,556,650	8,882,403

*Specified Executives*

Name	Balance 1.7.03	Net change other*	Balance 30.6.04
S. Lian	380,000	-	380,000
S. Taylor	186,788	73,212	260,000

*No shares were granted as remuneration during the year*

*\* Net change other refers to shares purchased or sold during the year*

*(f) Remuneration Practices*

The company's policy for determining the nature and amount of emoluments of board members and executives is as follows:

The remuneration structure for executive officers, including directors, is based on a number of factors, including experience of the individual concerned, and overall performance. The contracts for service between the company and executives and directors are on a continuing basis the terms of which are not expected to change in the immediate future.

NOTE	2004 \$	2003 \$
<b>NOTE 6: AUDITORS' REMUNERATION</b>		
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report		
- current auditors	17,000	16,000
- other services - previous auditors	-	5,000
<b>NOTE 7: EARNINGS PER SHARE</b>		
Reconciliation of earnings to net loss		
Net loss	(420,595)	(787,547)
<b>Adjustments:</b>		
Net loss attributable to outside equity interest	-	-
Earnings used in calculating basic and dilutive earnings per share	(420,595)	(787,547)
	<b>No of shares</b>	<b>No of shares</b>
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	78,730,450	74,005,450
<b>Effect of dilutive securities:</b>		
Share options	9,692,828	9,692,828
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	88,423,278	83,698,278
<b>Conversions, calls, subscription or issues after 30 June 2004</b>		
There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.		

	NOTE	2004	\$	2003	\$
<b>NOTE 8. RECEIVABLES CURRENT</b>					
Security deposits		131,846		45,747	
Prepayment		3,009		-	
Goods & services tax receivable		29,777		33,897	
		<b>164,632</b>		<b>79,664</b>	
<b>RECEIVABLES NON-CURRENT</b>					
Security deposits		25,608		109,554	
		<b>25,608</b>		<b>109,554</b>	

Security deposits are mining and rental bonds and have a floating interest rate, which has averaged 3.65% for the year (2003: 4.11%). Goods and Services Tax (GST) receivable is non-interest bearing.

**NOTE 9: OTHER FINANCIAL ASSETS  
NON-CURRENT**

Listed securities- at cost	1,190,755	1,310,874
Provision for diminution	(834,331)	(790,679)
	<b>356,424</b>	<b>520,195</b>
Unlisted investments at cost	550,000	550,000
	<b>906,424</b>	<b>1,070,195</b>

The market value of other financial assets is disclosed at Note 18(c)

**NOTE 10: PLANT AND EQUIPMENT**

<b>Plant and Equipment</b>		
At cost	83,677	83,677
Accumulated depreciation	(68,979)	(62,364)
Total Plant and Equipment	<b>14,698</b>	<b>21,313</b>

**Reconciliations**

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year.

Plant and Equipment		
Carrying amount at the beginning of the year:	21,313	22,718
Additions	-	5,242
Depreciation expense	(6,615)	(6,647)
<b>Carrying amount at the end of the financial year:</b>	<b>14,698</b>	<b>21,313</b>

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	NOTE	2004	\$	2003	\$
<b>NON-CURRENT</b>					
Exploration Expenditure					
Costs carried forward in respect of areas of interest in					
- exploration and evaluation phases					
		5,922,247		5,302,794	
<b>Total Deferred Exploration and Evaluation Expenditure</b>		<b>5,922,247</b>		<b>5,302,794</b>	

**The recoverability being dependent upon further exploitation and exploration of commercially viable mineral deposits.**

As detailed in the Directors' Report under the heading of Review of Operations the Company has entered into arrangements whereby Goldminco will fund the exploration and expenditure commitments for certain exploration licenses and applications. As a result of the transfer of this arrangement from Straits Exploration (Australia) Pty Limited the company received 500,000 warrants to purchase shares in Goldminco. These warrants have not been exercised and expire on 5<sup>th</sup> November 2005.

**Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Company is required to comply with the minimum expenditure obligations under the Mining Act. These obligations have been met. The future obligations which are subject to renegotiation when an application for a mining lease is made and at other times are not provided for in the financial statements.

**NOTE 12: PAYABLES**

**CURRENT**

**Unsecured liabilities**

Sundry creditors and accrued expenses	28,764	34,250
<b>Total payables</b>	<b>28,764</b>	<b>34,250</b>

**NOTE 13: CONTRIBUTED EQUITY**

a. Issued and fully paid up capital

Ordinary shares fully paid	18,019,786	17,011,786
Placement fees	(35,280)	-
	<b>17,984,506</b>	<b>17,011,786</b>

b. Movements in ordinary shares on issue

	No	No
At the beginning of the financial year	74,005,450	74,005,450
Shares issued - December 2003	6,300,000	-
<b>At end of the financial year</b>	<b>80,305,450</b>	<b>74,005,450</b>

**NOTE 13: CONTRIBUTED EQUITY (CONTINUED)**

## c. Terms and conditions of contributed equity- Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in event of the winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares and amount paid up on the shares held. Ordinary shares entitle their holder to vote, either in person or by proxy, at a meeting of the company.

## d. Share options

At 30 June 2004, there were 9,692,828 options over ordinary shares (30 June 2003: 9,692,828). The options are exercisable at 30 cents on or before 1<sup>st</sup> March 2007.

	2004	\$	2003	\$
<b>NOTE 14: ACCUMULATED LOSSES</b>				
Balance at the beginning of the financial year	9,558,513		8,770,966	
Net losses attributed to the members of the entity	420,595		787,547	
Balance at end of the financial year	9,979,108		9,558,513	

**NOTE 15: EXPENDITURE COMMITMENTS**

## Lease expenditure commitments

Non-cancelable operating leases contracted for but not capitalised in the financial statements

15a

## Payable

- not later than 1 year	39,718	98,732
- later than 1 year but not later than 5 years	165,227	49,366
- later than 5 years	-	-
	<u>204,945</u>	<u>148,098</u>

a. Operating leasing relates to office rental and has a lease term of 5 years.

NOTE	2004 \$	2003 \$
<b>NOTE 16: STATEMENT OF CASH FLOWS</b>		
<b>Reconciliation of the loss from ordinary activities after tax to the net cash flows from ordinary activities</b>		
Loss from ordinary activities after tax	(420,595)	(787,547)
<b>Non-cash items</b>		
- Depreciation	6,615	6,647
- Provision for diminution of investments	43,652	280,670
- Investment written off	-	100,000
- Net (gain) on disposal of investments	(85,938)	-
<b>Changes in assets and liabilities</b>		
- Decrease/ (Increase) in receivables	(1,042)	111,847
- Increase/ (Decrease) in creditors and accruals	(5,486)	(27,793)
Net cash used operating activities	<u>(462,794)</u>	<u>(316,176)</u>
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
- cash	<u>1,000,553</u>	<u>904,023</u>
	<u>1,000,553</u>	<u>904,023</u>

**NOTE 17: RELATED PARTY DISCLOSURES**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

**Directors-related entities**

All amounts paid to directors and related entities have been disclosed at Note 5.

**Share transactions of Directors**

All shares and options held by directors and related entities have been disclosed at Note 5.

**NOTE 18: FINANCIAL INSTRUMENTS****a. Interest Rate Risk**

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Fixed Interest Rate Maturing										Total \$		
			Floating Interest Rate		Within Year		1 to 5 Years		Over 5 Years						
			2004	2003	2004	2003	2004	2003	2004	2003	2004	2003		2004	2003
Financial Assets:															
Cash	3.00%	2.56%	1,000,553	904,023	-	-	-	-	-	-	-	-	-	1,000,553	904,023
Receivables- other	-	-	-	-	3,009	-	-	-	-	-	-	29,777	33,897	32,786	33,897
Security deposits	3.65%	4.11%	131,846	127,193	-	-	-	-	-	-	25,608	28,108	157,454	155,301	
Other financial assets	-	-	-	-	-	-	-	-	-	-	906,424	1,070,195	906,424	1,070,195	
<b>Total Financial Assets</b>			<b>1,132,399</b>	<b>1,031,216</b>	<b>3,009</b>	-	-	-	-	-	<b>961,809</b>	<b>1,132,200</b>	<b>2,097,217</b>	<b>2,163,416</b>	
Financial Liabilities:															
Sundry creditors and accruals	-	-	-	-	-	-	-	-	-	-	28,764	34,250	28,764	34,250	
<b>Total Financial Liabilities</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,764</b>	<b>34,250</b>	<b>28,764</b>	<b>34,250</b>	

**b. Credit Risk Exposure**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements. The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

**c. Net Fair Value**

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on cost.

For other assets and other liabilities the net fair value approximates their carrying value.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2004		2003	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial Assets</b>				
Cash	1,000,553	1,000,553	904,023	904,023
Receivables-other / Prepayment	32,786	32,786	33,897	33,897
Security deposits	157,454	157,454	155,301	155,301
Listed securities	356,424	397,003	520,195	530,531
Unlisted investments	550,000	550,000	550,000	550,000
	<b>2,097,217</b>	<b>2,137,796</b>	<b>2,163,416</b>	<b>2,173,752</b>
<b>Financial Liabilities</b>				
Sundry creditors and accruals	28,764	28,764	34,250	34,250
	<b>28,764</b>	<b>28,764</b>	<b>34,250</b>	<b>34,250</b>

**NOTE 19: COMPANY DETAILS**

The registered & principal office of the company is:

Level 7, 249 Pitt Street, Sydney, NSW 2000.

The company's domicile is in Australia.

The company is incorporated in Australia.

**NOTE 20: SEGMENT INFORMATION**

The company operates in Australia predominantly in the mineral exploration industry, mainly gold.

## DIRECTORS' DECLARATION

The directors of the company declare that:

- a. the financial statements and notes of the company are in accordance with the Corporation Act 2001:
  - (i) give a true and fair view of the company's financial position as at 30 June 2004 and of the performance for the year ended on that date of the company and
  - (ii) comply with Accounting Standards and the Corporations Regulations 2001, and
- b. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'B.F. Thornton', with a long horizontal flourish extending to the right.

**B.F. THORNTON**  
Director  
29 September 2004

**INDEPENDENT AUDIT REPORT**  
**To the members of Gateway Mining NL**

**Scope**

We have audited the financial report of Gateway Mining NL for the financial year ended 30 June 2004. The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration. The company's directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

**Audit Opinion**

In our opinion, the financial report of Gateway Mining NL is in accordance with:

- a. the Corporations Act 2001, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2004 and of its performance for the year ended on that date; and
  - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.



**MOORE STEPHENS PMN**  
Chartered Accountants



**P.A. CORDWELL**  
Partner

**29 September 2004**  
Parramatta

**a. Voting Rights**

The total number of shareholders was 1,296 and each share carried one vote in person, by proxy or poll.

**b. Distribution of Shareholders Number**

Category (size of Holding)	Ordinary
1 - 1,000	244
1,001 - 5,000	370
5,001 - 10,000	187
10,001 - 100,000	408
100,001 - and over	87
<b>Total</b>	<b>1,296</b>

**c. Number of shareholdings held in less than marketable parcels is 584.****d. Names of the substantial shareholders are:**

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
Great Pacific Finance Pty Ltd	9,000,000	11.21
Farrington Corporate Services Pty Ltd	8,882,403	11.06
UOB Bank Limited	5,000,000	6.23

**e. 20 largest Shareholders - Ordinary Shares**

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
1 Great Pacific Finance Pty Ltd	9,000,000	11.21
2 UOB Bank Limited	5,000,000	6.23
3 Belfort Investment Advisors Limited	3,990,600	4.97
4 Farrington Corporate Services Super Fund	3,799,953	4.73
5 Yvonne Tan	3,600,000	4.48
6 Dr Wong Goh-Ping	3,150,000	3.92
7 Dr Sher Lin Chiam	2,550,000	3.18
8 Bikini Atoll Investments Pty Ltd	2,434,500	3.03
9 Kim Liew	1,919,352	2.39
10 Mayfair Far East Ltd	1,637,500	2.04
11 International Portfolio	1,600,000	1.99
12 Iprosperity Investment Pty Ltd	1,550,000	1.93
13 Peter John Corbett	1,465,886	1.83
14 Farrington Corporate Services Pty Ltd	1,145,543	1.43
15 Tan Geok Tang	1,000,000	1.25
16. Farrington Corporate Services Pty Ltd	910,557	1.13
17 Reynolds Nominees Pty Ltd	888,000	1.11
18 Nyook Fong Chin	850,000	1.06
19 PrimAsia Securities (Asia) Ltd	839,250	1.05
20 Fook Lam Investments Limited	800,000	1.00
<b>TOTAL</b>	<b>48,131,141</b>	<b>59.96</b>

**a. Options**

There are 429 optionholders. Options do not carry a right to vote. Voting rights will be attached to the unissued shares when options have been exercised.

**b. Distribution of holders of options exercisable on or before 1<sup>st</sup> March 2007.**

Category (size of Holding)	Ordinary
1 - 1,000	164
1,001 - 5,000	135
5,001 - 10,000	33
10,001 - 100,000	75
100,001 - and over	22
<b>Total</b>	<b>429</b>

**c. Number of option holdings held in less than marketable parcels is 341.****d. Names of substantial optionholders are:**

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
Farrington Corporate Services Pty Ltd	1,355,639	13.98
Great Pacific Finance Pty Ltd	1,000,000	10.20
Fook Lam Investments Limited	800,000	8.25

**e. 20 largest Optionholders**

	Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
1	Great Pacific Finance Pty Ltd	1,000,000	10.32
2	Fook Lam Investments Limited	800,000	8.25
3	Farrington Corporate Services Super Fund	568,250	5.86
4	Yvonne Tan	400,000	4.13
5	Goh-Ping Wong	350,000	3.61
6	IProsperity Investments Pty Ltd	302,193	3.12
7	JBR Pty Ltd	300,000	3.10
8	Brian Thornton	275,000	2.84
9	Simon Taylor	250,000	2.58
10	Farrington Corporate Services Pty Ltd	247,916	2.56
11	TKL Consulting	200,028	2.06
12	Brian Gomez	200,000	2.06
13	Geraldine Lim	200,000	2.06
14	NTIA Investments Pty Ltd	200,000	2.06
15	Mayfair Far East Ltd	196,500	2.03
16	Bob Creelman	175,000	1.81
17	Wei Sheng Liu	173,653	1.79
18	Anthony de Govrik	162,500	1.68
19	John Anthony Hoyes-Cock	150,000	1.55
20	Bikini Atoll Investments Pty Ltd	145,500	1.50
	<b>TOTAL</b>	<b>6,296,540</b>	<b>64.97</b>

*The Board of Directors of Gateway Mining NL is responsible for the corporate governance of the company.*

In accordance with the Australian Stock Exchange (ASX) Corporate Governance and Best Practice Recommendations, the following statement outlines the principal corporate governance practices that apply to the company.

### Board and Management Functions

Generally, the Board is responsible for establishing the policies of the company, overseeing its financial position, approving major capital expenditures, exploration programs and expenditures.

The small management team is responsible for the company's day to day operations including exploration activities, budgets, reporting activities and general administration. Due to the relatively small size of the Board and management team and the need for roles and functions to be flexible to meet specific requirements the company does not have a formal Board charter.

### Board Structure

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three directors and should maintain a majority of independent non-executive directors

- The chairperson must be a non-executive director
- The Board should comprise Directors with an appropriate range of qualifications and expertise
- The Board shall meet at least quarterly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

At present, all Directors are non-executive directors. The Directors in office at the date of this statement are:

Brian Gomez (Chairman)  
Brian Thornton  
Robert Creelman

Under current ASX guidelines, two of the current Board (Mr Brian Gomez and Dr Robert Creelman) are considered to be independent directors. Each Director of the company has the right to seek independent professional advice at the expense of the company. Prior approval of the Chairman is required but this will not be unreasonably withheld.

Due to the small size of the Board and its static nature, the company does not have a board nomination committee. Such decisions are presently the responsibility of the Board as a whole. When appropriate, and at least annually, the Board meets to consider certain aspects of its operations. This includes ensuring that the Board continues to operate within the established guidelines including, when necessary, selecting candidates for the position of Director.

### Codes of Conduct

The company does not at present have a formal code of conduct for the guidance of Directors and senior executives. However, the Board's stated policy is for Directors and management to conduct themselves with the highest ethical standards. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Similarly, the company does not have a code of conduct to guide compliance with legal and other obligations. This reflects the company's size and the close interaction of the small number of individuals employed by the organisation. However, the Board continues to review the risk and compliance situation to determine the most appropriate and effective operational procedures.

In relation to share trading, Directors, employees and key consultants are not permitted at any time whilst in the possession of price sensitive information not already available to the market to deal in any of the company's securities. In addition, the law prohibits insider trading, and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by Directors or their related entities in the company's securities.

### Audit Committee

The company does not have a formally constituted audit committee of the Board of Directors. The Board presently fulfils the functions of an audit committee.

The Board is of the view that to date such a committee has not been necessary given the size and nature of its operations. This situation is subject to ongoing review.

### **Disclosure Requirements**

The company's Directors and management are aware of the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. While the company does not have formal written policies regarding disclosure, it uses strong informal systems underpinned by experienced individuals.

### **Communications Strategy**

While the company does not have a formal communications strategy to promote effective communication with its shareholders, as it believes this is excessive and too costly for small companies, the company does communicate regularly with its shareholders.

Besides the Annual Report which is sent to all shareholders, all significant information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the company's operations, the material used in the presentation is released to the ASX and posted on the company's website. There is also an email address available to shareholders who have enquiries or are seeking further information.

In addition, a notice of meeting and related communications are provided to the company's auditor who, in accordance with the Corporations Act, is required to attend the company's annual general meeting at which shareholders must be given a reasonable opportunity to ask questions of the auditor or their representative.

### **Risk Management**

The company is a small exploration company and does not believe that there is significant need for formal policies on risk oversight and management of risk. Risk management arrangements are the responsibility of the board of Directors and senior management collectively. The situation may need to be reviewed should the company move to mining production.

### **Board Performance**

There has been no formal performance evaluation of the Board during the past financial year although its composition is reviewed at a Board meeting at least annually. However, the Remuneration Committee, which meets as and when required, reviews matters relating to board performance and remuneration as part of its deliberations.

### **Remuneration Committee**

The company has established a Remuneration Committee comprising the Chairman and Chief Executive of the company. The Committee has not as yet formulated the company's remuneration policies but will seek independent external advice and market comparisons as necessary.