

Quarterly Activities Report

For the period ended 31st December 2010

HIGHLIGHTS

- Preliminary analysis of drillholes at The Cup and Western Tenements from initial drilling by JV partner Avenue Resources, along with new aircore results from drilling by Gateway at the nearby Gravel Pit prospect, points to a significant strike length of stratigraphy prospective for base metal and gold mineralisation
- Avenue Resources intersected multi-element base-metal anomalism in the Western Tenements area of Gidgee with similar geology and geochemistry to that at Gateway's fully owned Gravel Pit prospect
- Intersections included copper to 0.21% and zinc to 811ppm associated with gossans, semi-massive sulphides and EM conductors. These are similar to results from previous shallow RAB holes at Gateway's copper prospect at The Cup, which yielded deeper RC intersections of up to 26m @ 1.45% copper
- One of the latest RC holes at The Cup intersected three metres of massive pyrite with elevated zinc, interpreted to be on the margin of a massive sulphide lens 50m down dip from historic high grade copper intersections
- Drilling at the Rosie Northeast gold intersected 120m @ 0.42 grams per tonne gold to the end of hole. This was 50m east of a previous intersection of 102m @ 0.42 g/t. Three separate 5m intersections in the latest drilling yielded 1.25 g/t, 1.27 g/t and 1.55 g/t.

OVERVIEW OF EXPLORATION PROJECTS

WESTERN AUSTRALIA

GIDGEE PROJECT

Both Gateway and Avenue completed aircore and RC drilling programmes in December, with Gateway drilling 28 aircore holes (1947m) and 3 RC holes (429m), and Avenue drilling 10 RC holes for 1737m and 19 aircore holes for 1282m. A summary of the results is shown in Figure 2.

Very encouraging results were received from aircore drilling in the Western Tenements - Gossans Galore (Avenue) and Gravel Pit (Gateway) areas, with anomalous base metals, barium and arsenic being intercepted, associated with gossans, weathered sulphides and EM geophysical anomalism.

These results are similar to shallow RAB holes drilled previously at The Cup copper prospect, which has returned deeper RC intersections of up to 26m @ 1.45% copper. One hole drilled at The Cup in the recently completed programme intersected what is interpreted as the margin of a massive sulphide lens, hitting 3m of zinc anomalous semi-massive sulphides approximately 50m down dip from Gateway hole GRC200, which intersected 26m @ 1.45% copper in a broader interval of 77m @ 0.7% copper.

Results from The Cup, Western Tenements and Gravel Pit point towards the possibility of a significant strike length of stratigraphy prospective for base metal mineralisation, and a consultant is being engaged to review existing data and ascertain the base metal potential of the project.

Gateway also completed three holes for 429m at Julia's Fault, with drilling only intersecting low grade gold, failing to enhance the potential as a gold prospect. Drilling did however intersect zones of massive pyrite with low grade gold and strongly anomalous copper, enhancing the copper prospectivity.

At the Rosie Northeast prospect hole AGRC001 intercepted 120m @ 0.42 g/t gold from 120-200m (EOH). This hole is situated approximately 50m east of drillhole WRC012 which intersected 102m @ 0.42 g/t gold from 66 to 168m (EOH). This prospect is still open to the north and south, and interpretative work is currently underway on these broad intersections

Western Tenements – Gossans Galore E57/417, E57/688, P57/1232, P57/1152

Gateway 85%, Herald Resources 15%, (Avenue earning 70%)

Gravel Pit, E57/807

Gateway 100%,

Avenue drilled 19 aircore holes for 1282m to test historical RAB results and EM geophysical anomalies at the Gossans Galore prospect in the western group of tenements. Results from this work are very encouraging, with up to 0.21% Cu and 811ppm Zn being intersected in single 5m composites in the saprolite zone in this shallow geochemical drilling. The geochemical anomalism also displays anomalous lead, arsenic and barium. A number of the drillholes also intersected weathered sulphides and gossans, largely coincident with the EM geophysical anomalies resulting from previous work by Gateway Mining.

At the Gravel Pit prospect, approximately 2 ½ km east of Gossans Galore, Gateway drilled one aircore hole, GAC073 for 51m. This hole intersected elevated base metals and arsenic, and ended in gossan/ironstone at hole refusal. This prospect is marked by outcropping gossans, similar in character to those at the Julia's Fault prospect.

Drillhole locations and copper results for Gossans Galore are shown in Figure 3; maximum single 5m composite base metal assay values and intersections for holes with anomalous geochemistry are shown in Table 1 and drillhole collar details in Table 3.

A very encouraging aspect is that the tenor of this multi-element anomalism and geology is similar to that seen in shallow RAB drilling in saprolite at "The Cup" copper prospect, a virgin copper discovery by Gateway. Subsequent deeper RC drilling at The Cup by Gateway has intersected significant copper, including 26m @ 1.45% copper (in a broader intersection of 77m @ 0.7% copper) in hole GRC200 and 17m @ 1.53% copper (in a broader intersection of 44m @ 0.79% copper) in hole GRC183.

Table 1 - Anomalous maximum in hole results and significant intersections, Western Tenements and Gravel Pit (results from 5m composites, using a 250ppm cutoff for Cu, 300ppm for Zn and 50ppm for lead, 5m max internal dilution)

Hole	Maximum in hole			Significant Intersections
	Cu_ppm	Pb_ppm	Zn_ppm	
AGAC002	213	21	811	55m @ 483ppm Zn from 25m
AGAC003	2,130	144	113	55m @ 661ppm Cu from 20m 10m @ 101ppm Pb from 55m
AGAC004	639	27	712	40m @ 426ppm Cu from 5m
AGAC005	355	48	315	5m @ 355ppm Cu from 35m 5m @ 315ppm Zn from 40m
AGAC007	304	22	240	10m @ 300ppm Cu from 20m
AGAC008	272	21	275	10m @ 268ppm Cu from 25m
AGAC009	645	396	308	40m @ 412ppm Cu from 30m 60m @ 153ppm Pb from 20m
AGAC010	773	31	325	30m @ 477ppm Cu from 40m
AGAC011	410	25	460	30m @ 325ppm Cu from 50m 20m @ 398 ppm Zn from 55m
AGAC012	279	23	228	15m @ 251ppm Cu from 20m
AGAC016	370	16	248	20m @ 315ppm Cu from 30m
AGAC017	322	19	333	30m @ 283ppm Cu from 40m
AGAC018	223	17	312	5m @ 312ppm Zn from 30m
AGAC019	581	70	346	35m @ 427ppm Cu from 20m
GAC073	517	86	203	11m @ 369ppm Cu from 40m 26m @ 68ppm Pb from 25m

Work over the coming months will include a full synthesis and interpretation of the data, to aid in planning further field activities, which are expected to include more detailed EM surveying and RC drilling.

The Company is in the process of engaging a consultant to review the data, and ascertain the base metal prospectivity of the project.

The Cup E57/417

Gateway 100%, (Avenue earning 80%)

One vertical 162m RC drillhole was drilled by Avenue to test for down dip extensions of mineralisation intersected in Gateway hole GRC200 (77m @ 0.70% Cu, including 26m @ 1.45% Cu). Although the hole did not intersect any significant mineralisation, it did intersect three meters of semi-massive sulphide from 123-126m downhole, within a broader zone of disseminated sulphides from 95-162m (EOH). The hole intersected variable zones of anomalous copper, zinc barium and manganese, with the semi-massive sulphide zone from 123m intersecting 3m @ 0.21% zinc.

Preliminary analysis of the results indicate that this may represent the margin of a massive sulphide lens, with the geochemistry indicating a zonation from copper rich sulphides to more zinc rich marginal sulphides. Detailed interpretation of The Cup mineralisation is currently underway.

Rosie Northeast M57/099

Gateway 85%, Herald Resources 15%, (Avenue earning 70%)

Drilling on this prospect was designed to follow up an intersection of 102m @ 0.42 g/t gold in historic drillhole WRC012. Four holes totalling 665m (including one hole abandoned at 65m) were drilled at this prospect, with only one hole hitting

appreciable mineralisation as given in Table 2 below. Drillhole details are given in Table 3.

Table 2 - Significant results, Rosie Northeast Prospect

Hole	From (m)	To (m)	Length (m)	Grade (g/t Au)	Notes
AGRC001	25	50	25	0.15	0.1 g/t Au downhole cutoff, 5m composite samples, 5m internal dilution
AGRC001	80	200	120	0.42	0.1 g/t Au downhole cutoff, 5m composite samples, 5m internal dilution
Including	110	115	5	1.55	1 g/t Au downhole cutoff, 5m composite samples
Including	130	135	5	1.27	1 g/t Au downhole cutoff, 5m composite samples
Including	190	195	5	1.25	1 g/t Au downhole cutoff, 5m composite samples

This hole is located 50m to the east of WRC012 (Figure 4), and intersected similar gold grades, with both holes being weakly mineralised to the end of hole. These intersections are still open to the north and south, however have now been closed off to the east.

The Company will now carry out a review and interpretation of this data to ascertain the significance of these results. This will then be used to plan follow up work.

Whistler M57/217

Gateway 85%, Herald Resources 15%, (Avenue earning 70%)

Two RC drillholes totalling 376m were drilled to test north-south trending structures at Whistler that are believed to host the current 24,800oz JORC resource below the current pit, possible northern extensions of that mineralisation and interpreted hanging wall mineralisation as seen in a number of historic drillholes.

This drilling intersected no significant intersections; however drillhole AGRC006 did intersect **30m @ 0.52 g/t Au from 120m in basalts**. The depth of this intersection is coincident with the interpreted position of the targeted hanging wall structure, and may represent a low grade area between higher grade shoots along the plane of the structure.

Montague Boulder M57/098

Gateway 85%, Herald Resources 15%, (Avenue earning 70%)

Three holes totalling 534m were drilled to test for possible extensions to mineralisation under the existing Montague Boulder pit. These holes failed to intersect any significant mineralisation, however, due to access and ground conditions hole AGRC009 was not drilled from the optimum position and had to be prematurely terminated at 137m (target depth 200m).

Julia's Fault M57/429 and Victory Creek M57/485 tenements

Gateway 75%/Red 5 25%

Gateway drilled three RC holes for 429m and 27 aircore holes for 1893m in these two licences. The aim of the drilling was to test existing prospects and extensions, and EM anomalies.

At Julia's Fault three RC holes were drilled to test for extensions of the existing gold mineralisation, however with generally disappointing gold results. The drillholes

intersected massive pyrite lenses and abundant disseminated pyrite below gossans, within fine-grained siliciclastic and graphitic sediments. The drilling intersected elevated gold, arsenic and copper associated with the massive pyrite, with hole GRC206 intersecting 26m @ 0.21% copper from 109m in massive pyrite and associated with anomalous gold.

The Company is currently reviewing the results of this work, and considering the relationship of this mineralisation to that at The Cup, and other prospects along the interpreted mineralised stratigraphic zone.

At the Pistol South EM anomaly four aircore holes were drilled, with the westernmost hole intersecting black shale, probably explaining the anomaly.

The drilling of ten holes, GAC059-GAC067 and GAC077 at Pistol failed to explain the EM anomaly, with all holes terminating in medium to coarse grained siliciclastic lithologies. The only anomalous geochemistry was elevated arsenic and antimony in hole GAC062.

Drilling at Julia's Fault North intersected chloritic schists, with some elevated arsenic and antimony in a number of holes. Additional work is required at this and other prospects.

Bungarra West E57/706, E57/709

Gateway acquiring 100%

Following the results of the RC drilling as reported last quarter, Legend has elected to withdraw from the Bungarra West Joint Venture, with E57/709 to revert 100% to Gateway. Gateway is also in the process of purchasing the adjoining 100% Legend held tenement E57/706.

The Company will conduct a review of all exploration data to date on these tenements prior to planning future field activities.

Table 3 - Drillhole collar details

hole_id	Easting AGD 84	Northing AGD84	RL	Depth (m)	dip	azimuth UTM	type	company	prospect	Licence
AGAC001	748000	6963100	500	41	-60	360	AC	Avenue	Gossans Galore	E57/417
AGAC002	748000	6963000	500	108	-60	360	AC	Avenue	Gossans Galore	P57/1152
AGAC003	748000	6962900	500	76	-60	360	AC	Avenue	Gossans Galore	E57/688
AGAC004	748000	6962800	500	45	-60	360	AC	Avenue	Gossans Galore	E57/688
AGAC005	747460	6963800	500	54	-60	360	AC	Avenue	Gossans Galore	E57/417
AGAC006	747460	6963700	500	45	-60	360	AC	Avenue	Gossans Galore	E57/417
AGAC007	747460	6963600	500	52	-60	360	AC	Avenue	Gossans Galore	E57/417
AGAC008	747460	6963500	500	70	-60	360	AC	Avenue	Gossans Galore	E57/417
AGAC009	746000	6963400	500	76	-60	360	AC	Avenue	Gossans Galore	P57/1232
AGAC010	746000	6963350	500	86	-60	360	AC	Avenue	Gossans Galore	P57/1232
AGAC011	746000	6963300	500	88	-60	360	AC	Avenue	Gossans Galore	P57/1232
AGAC012	747650	6962400	500	67	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC013	747600	6962400	500	55	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC014	747550	6962400	500	55	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC015	747450	6962400	500	79	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC016	747350	6962400	500	50	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC017	747300	6962400	500	74	-60	90	AC	Avenue	Gossans Galore	E57/688

hole_id	Easting AGD 84	Northing AGD84	RL	Depth (m)	dip	azimuth UTM	type	company	prospect	Licence
AGAC018	747750	6962400	500	53	-60	90	AC	Avenue	Gossans Galore	E57/688
AGAC019	748000	6962950	500	108	-60	360	AC	Avenue	Gossans Galore	P57/1152
AGRC001	751501	6965002	500	200	-60	270	RC	Avenue	Rosie NE	M57/099
AGRC002	751602	6965004	500	65	-60	270	RC	Avenue	Rosie NE	M57/099
AGRC002A	751613	6965001	500	200	-60	274	RC	Avenue	Rosie NE	M57/099
AGRC003	751699	6965008	500	200	-60	270	RC	Avenue	Rosie NE	M57/099
AGRC004	750920	6966640	500	200	-60	357	RC	Avenue	Monty Boulder	M57/098
AGRC005	751600	6968198	500	191	-60	270	RC	Avenue	Whistler	M57/217
AGRC006	751622	6968047	500	185	-60	271	RC	Avenue	Whistler	M57/217
AGRC007	747987	6967997	500	162	-90	0	RC	Avenue	The Cup	E57/417
AGRC008	750993	6966847	500	197	-60	251	RC	Avenue	Monty Boulder	M57/098
AGRC009	750745	6966869	500	137	-60	99	RC	Avenue	Monty Boulder	M57/098
GAC050	752100	6969000	500	46	-60	90	AC	Gateway	Pistol South EM	M57/485
GAC051	752050	6969000	500	63	-60	90	AC	Gateway	Pistol South EM	M57/485
GAC052	752000	6969000	500	74	-60	90	AC	Gateway	Pistol South EM	M57/485
GAC053	751950	6969000	500	77	-60	90	AC	Gateway	Pistol South EM	M57/485
GAC054	750800	6968800	500	62	-60	90	AC	Gateway	Twister North	M57/485
GAC055	750750	6968800	500	35	-60	90	AC	Gateway	Twister North	M57/485
GAC056	750700	6968800	500	50	-60	90	AC	Gateway	Twister North	M57/485
GAC057	750650	6968800	500	61	-60	90	AC	Gateway	Twister North	M57/485
GAC058	750600	6968800	500	65	-60	90	AC	Gateway	Twister North	M57/485
GAC059	751000	6970350	500	62	-60	360	AC	Gateway	Pistol EM	M57/485
GAC060	751000	6970300	500	57	-60	360	AC	Gateway	Pistol EM	M57/485
GAC061	751000	6970250	500	51	-60	360	AC	Gateway	Pistol EM	M57/485
GAC062	751000	6970200	500	46	-60	360	AC	Gateway	Pistol EM	M57/485
GAC063	751000	6970150	500	46	-60	360	AC	Gateway	Pistol EM	M57/485
GAC064	750650	6970000	500	73	-60	270	AC	Gateway	Pistol EM	M57/485
GAC065	750700	6970000	500	68	-60	270	AC	Gateway	Pistol EM	M57/485
GAC066	750750	6970000	500	68	-60	270	AC	Gateway	Pistol EM	M57/485
GAC067	750800	6970000	500	63	-60	270	AC	Gateway	Pistol EM	M57/485
GAC068	749050	6971000	500	114	-60	90	AC	Gateway	North Julias	M57/485
GAC069	749000	6971000	500	114	-60	90	AC	Gateway	North Julias	M57/485
GAC070	748950	6971000	500	112	-60	90	AC	Gateway	North Julias	M57/485
GAC071	748900	6971000	500	88	-60	90	AC	Gateway	North Julias	M57/429
GAC072	748850	6971000	500	95	-60	90	AC	Gateway	North Julias	M57/429
GAC073	750240	6962757	500	51	-60	90	AC	Gateway	Gravel Pit	E57/807
GAC074	748700	6970600	500	78	-60	90	AC	Gateway	North Julias	M57/429
GAC075	748650	6970600	500	84	-60	90	AC	Gateway	North Julias	M57/429
GAC076	748600	6970600	500	84	-60	90	AC	Gateway	North Julias	M57/429
GAC077	751000	6970375	500	60	-60	360	AC	Gateway	Pistol EM	M57/485
GRC206	748077	6969049	500	139	-60	88	RC	Gateway	Julia's Fault	M57/429
GRC207	748103	6969094	500	150	-90	0	RC	Gateway	Julia's Fault	M57/429
GRC208	748100	6969150	500	140	-60	90	RC	Gateway	Julia's Fault	M57/429

NEW SOUTH WALES

COWRA PROJECT : EL 5514 & 6102

Gateway Mining 49%; Minotaur 51%, Mitsubishi Corporation - Mitsubishi Materials Corporation earning 24%.

Six potential target areas, identified from a combination of geological setting and geophysical characteristics, were field checked using a portable XRF machine, but no significant copper or other base metal values were recorded. No targets have yet been generated that warrant further ground EM surveys. The assessment of further anomalies will continue in the next quarter.

QUEENSLAND

SURPRISE PROJECT : EPM 9053, 13677 & 17870, ML 2483, 2509, 2868 & 90102

Gateway 100%

The Company is currently in the process of relinquishing all tenements in the Surprise area

HODGKINSON BASIN

Republic Gold, Gateway 6% free carried

Republic Gold is reviewing options with regards to its North Queensland projects.

CHANGES IN TENEMENT HOLDINGS

Tenement E57/807, located in the Gidgee Project area was granted during the quarter

Transfer of the Bungarra tenements, E57/706 and E57/709 from Legend Mining to Gateway is progressing.

For further information visit our website at www.gatewaymining.com.au or contact: Bob Creelman, Director, or Mark Gordon on Tel: 02 9283 5711

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. M.J.Gordon, a consultant to Gateway Mining, a Member of the Australasian Institute of Mining and Metallurgy (CP) and Australian Institute of Geoscientists. Mr.M.J.Gordon has a minimum of 5 years experience which is relevant to the style of mineralization 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, Mineral Resources and Ore Reserves". Mr. M.J.Gordon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

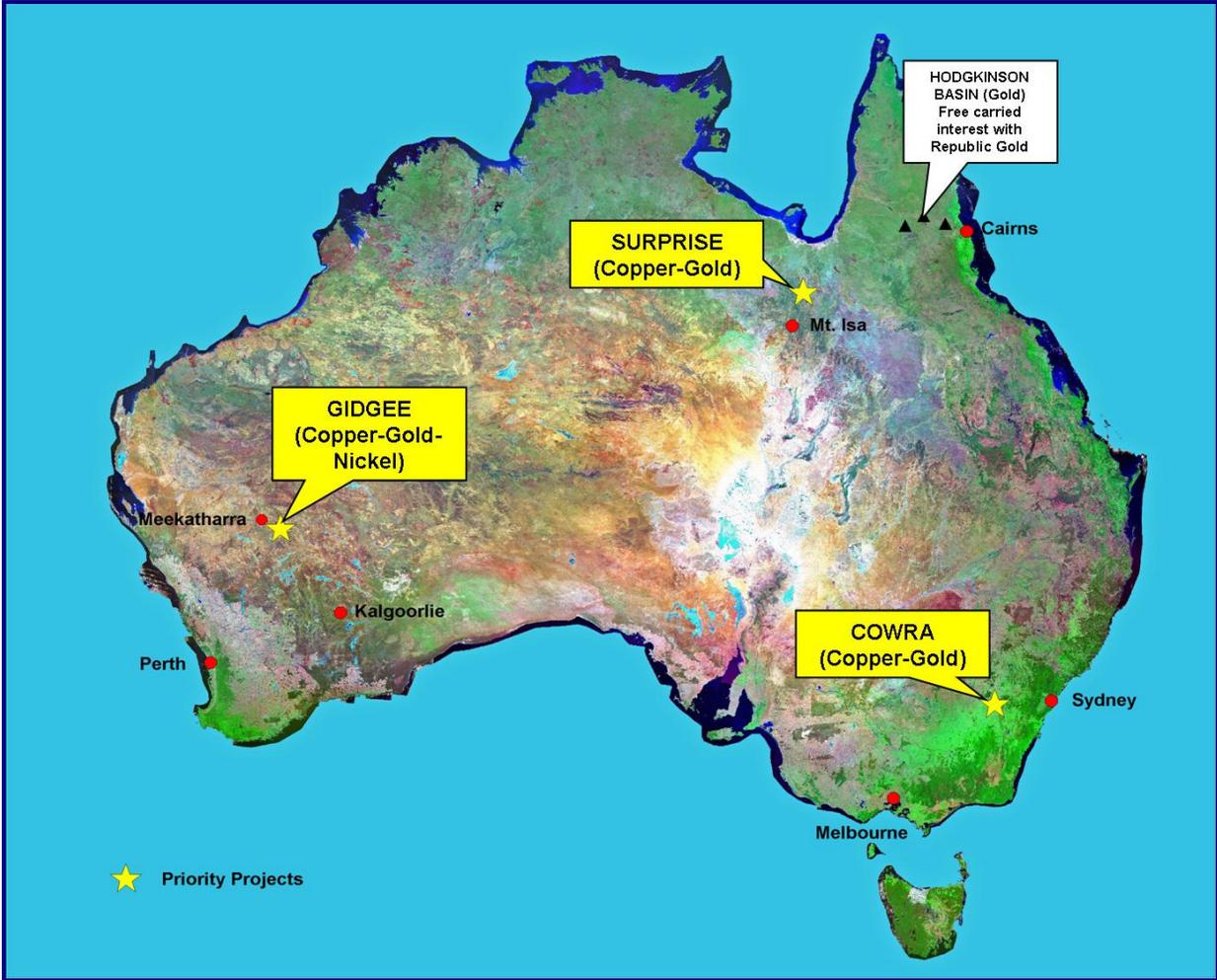


Figure 1. Gateway Mining Limited Project Locations

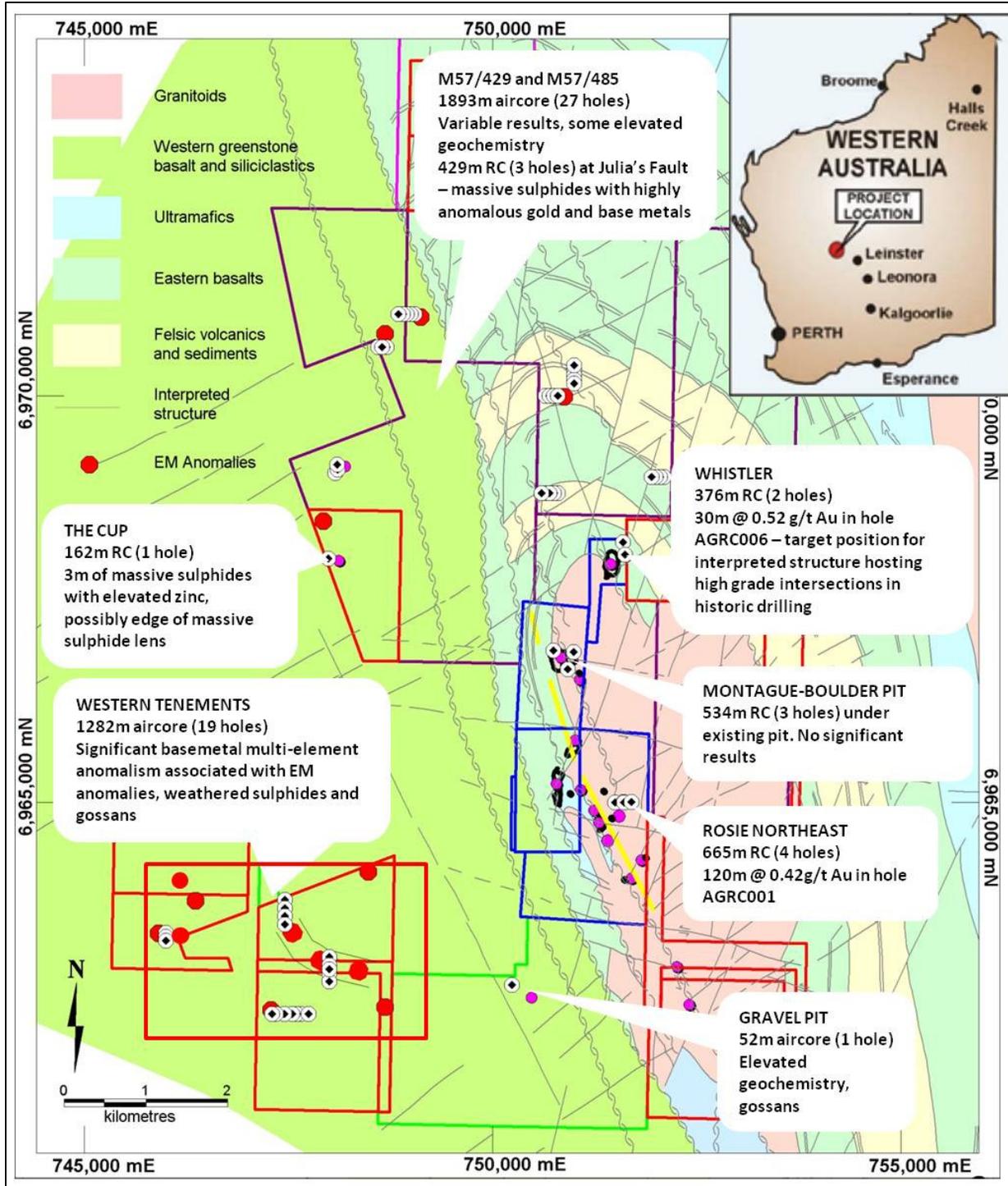


Figure 2. Gidgee Project, showing tenements, prospects and drilling results summary. Prospects outlined in red and blue are in the Avenue JV's

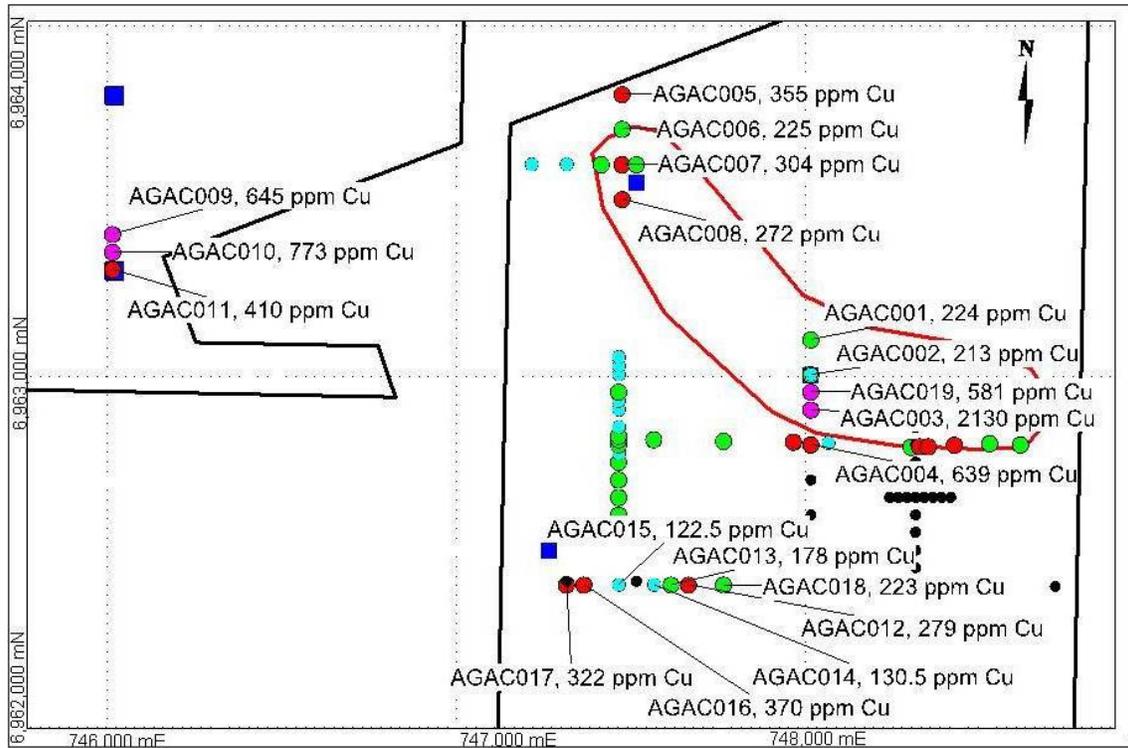


Figure 3. Gossans Galore area, showing drillhole geochemistry. Grid spacing is 1000m

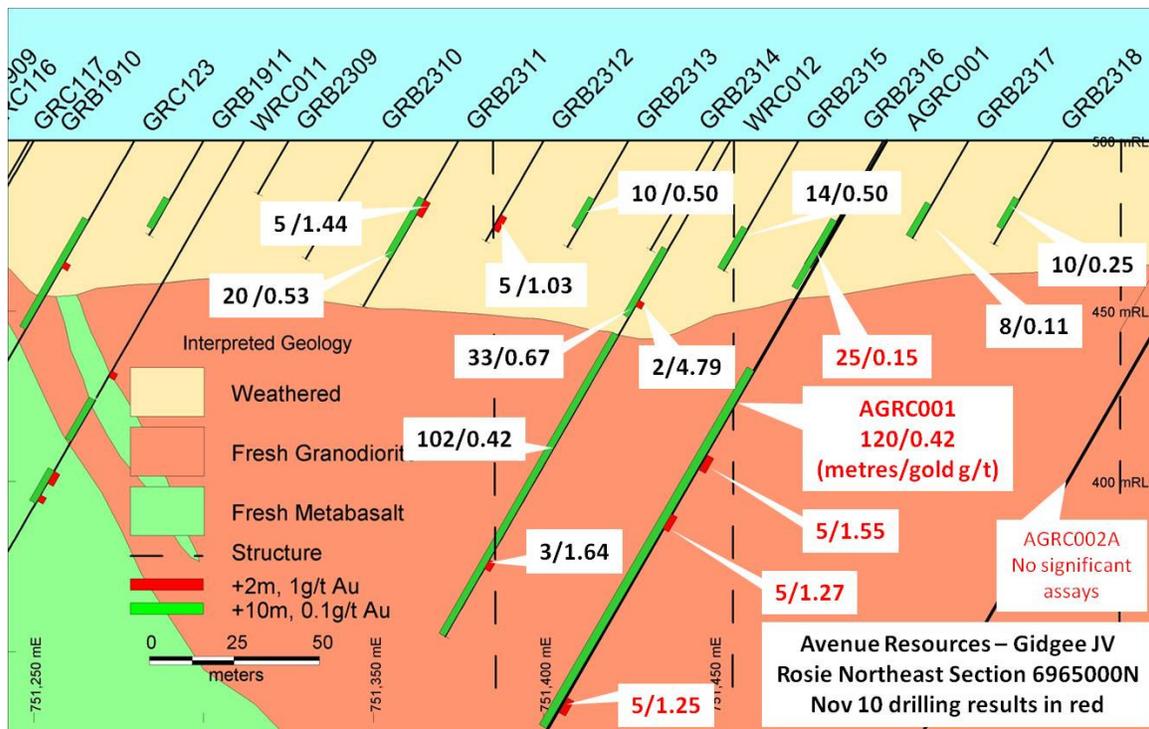


Figure 4. Rosie Northeast section 6965000N