

Annual Report 2007



DIRECTORY



DIRECTORS

Brian Gomez
Chairman
B Sc (Earth Sciences)
FAICD

Dr Robert Creelman
BA, MSc (Hons), PhD.,
F.AUS.IMM.CP Geol.

Brian Thornton
B.Ec., F.Fin

COMPANY SECRETARY

Anthony deGovrik LL.B

MANAGEMENT

Steven Lian
Chief Executive

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Priestley & Morris
Chartered Accountants
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GEOLOGICAL CONSULTANTS

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SYDNEY NSW 2000

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Wembley WA 6014

AUSTRALIAN STOCK EXCHANGE

Ordinary Shares	GML
Options	GMLO

2. CHAIRMAN'S REPORT



Gateway is moving ahead on all fronts.

Two prospects in New South Wales and Queensland with potential to be company makers will be drilled in the coming year by a renowned joint venture partner, with further work undertaken on an advanced gold project and other highly regarded gold and base metal prospects in Western Australia.

This suite of projects, involving continuing work by four recent joint venture partners and ongoing Gateway exploration, herald an exciting year ahead for shareholders.

One of Australia's most successful explorers in recent times for deep, hidden orebodies, Minotaur Exploration, is earning the right to take up a 75% stake in Gateway's Cowra acreage in NSW as well as at Surprise in Queensland.

Its involvement has already attracted the participation of the large Japanese copper smelting group, Mitsubishi, in a deal that will accelerate exploration and drilling at the copper-gold porphyry prospect at Cowra, without diluting Gateway's stake.

Reinterpretation of available data from Gateway's Surprise area in far North Queensland, along with newly acquired gravity data, has enticed Minotaur's alliance partner, Oxiana, to also participate in drilling of this copper-gold prospect in the highly regarded Cloncurry area, where availability of drilling rigs is becoming a challenge.

Many years of exploration at Surprise has proven that the ground held by Gateway is widely mineralised. The Minotaur/Oxiana connection anticipates the discovery of deeper mineralisation beneath the Surprise Mine and the more recent near surface discoveries by Gateway at Startle and Shock and the 4.7km long Jolt gold anomaly.



The search for deeper orebodies by Minotaur/Oxiana represents a low-risk strategy with tremendous potential upside for Gateway, with our joint venture partner taking responsibility for expenditures to a decision to mine.

A similar strategy is being adopted at our Gidgee properties in Western Australia, where joint venture partner WCP Resources is seeking to prove up additional mineable gold resources at Whistler in the Montague area, and will soon make a resource assessment at the nearby Rosie North prospect.

WCP Resources is investigating the potential for discovery of deeper mineralisation that could be feeding into the extremely high grade gold intersections that Gateway has made at Airport, Central and other nearby locations.

Since the close of the financial year, another highly attractive joint venture has been signed with Legend Mining covering Gateway's P57/976, which will also be sole funded by Legend until a decision to mine. This area takes in the southern extension to Legend's newly discovered Python prospect, where rock chip samples of up to 5.7% copper and



2. CHAIRMAN'S REPORT



1% nickel are representative of magmatic copper-nickel-platinum group mineralisation.

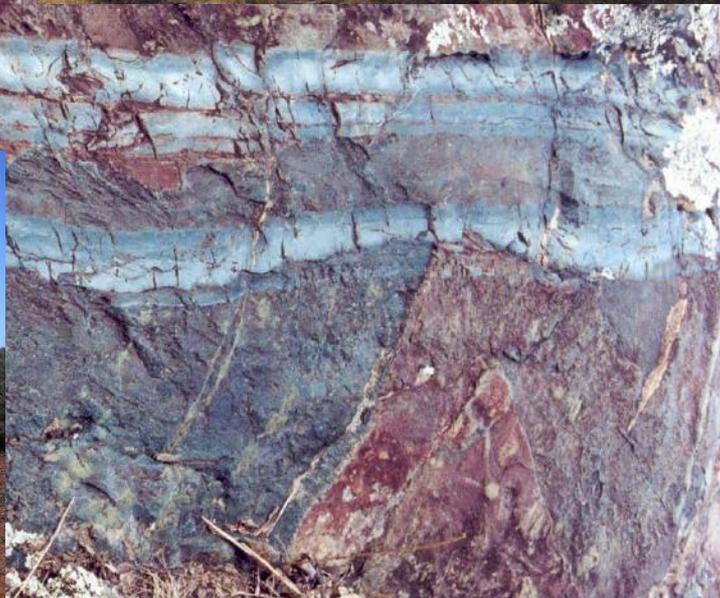
In the meantime, Gateway in its own right will continue to assess the deeper potential at the Victory Creek area. The recent near surface virgin copper discovery at the Cup prospect, directly south of Julia's Fault, intersected 29m @ 1.08% copper. Additional work will also be carried out in the vicinity of previous gold intersections at Victory Creek and at Julia's Fault.

Shareholders will appreciate that these developments signal that exploration is being stepped up on Gateway tenements around the country. On site exploration expenditures in the coming year are likely to surpass previous levels of spending by a significant degree.

This intense period of exploration activity in New South Wales, Queensland and Western Australia augurs well for the future, particularly in view of the near record prices being enjoyed particularly for copper and gold.



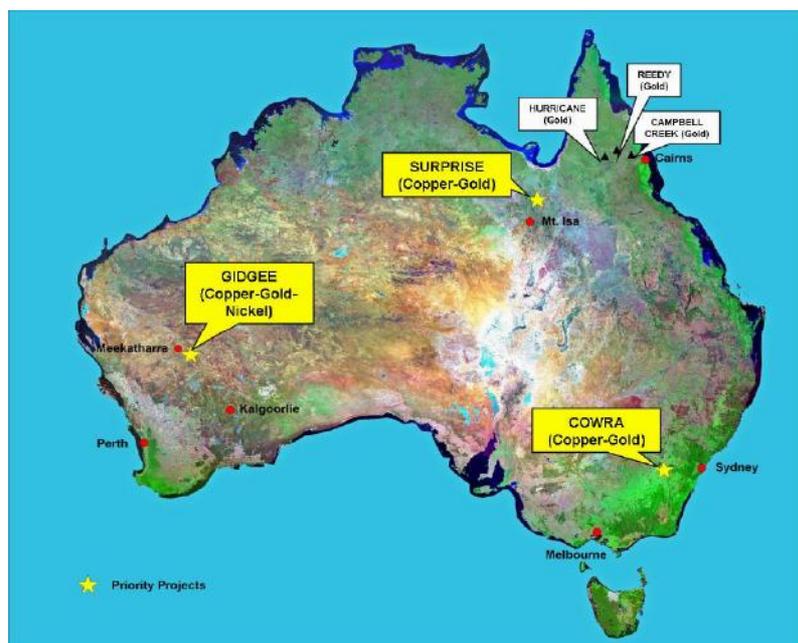
Brian Gomez
Chairman



3. OPERATIONS REVIEW



Operations Review



In the past year Gateway Mining has increased its focus on the potential discovery of large, deeper and more difficult to discover orebodies. The significant funding commitments necessary for such an endeavour has encouraged the company to seek farm-in partners on properties in Western Australia, Queensland and New South Wales.

The first of these involved the drilling late last year by Barrick Gold of a large but deep magnetic anomaly at Victory Creek, our project in Gidgee, Western Australia. The two deep holes put down failed to locate any mineralisation, leading to Barrick's withdrawal. However, Gateway is of the view that Victory Creek has not been adequately tested and it will undertake further work in the area. More work needs to be done on the highly prospective discovery at Julia's Fault, and gold intersections near Victory Creek.

Also in Western Australia, two other farm-in partners are engaged in the search for large orebodies. WCP Resources has a short term goal of proving up a larger resource at Whistler and at Rosie North and the ambition of looking for a significant gold resource within the Airport tenements, where there have been numerous high grade intersections.

More recently Legend Mining has farmed into Gateway's P57/976 leases at Gidgee to gain access to the southern extension of its exciting Python copper-nickel prospect.

The hunt for bigger, hidden orebodies at Cowra in New South Wales and at Surprise in Queensland is being done with the assistance of farm-in partner, Minotaur Exploration. The interest generated in these areas has led to the involvement of Japan's Mitsubishi at Cowra and Oxiana at Surprise.

There has been a complete review and revamping of the NSW Projects since 2006. The new joint Venture partner has advanced the Cowra Project considerably, and a decision has been made to drop the Gundagai Exploration Leases.

The company deemed that the Gundagai properties, EL 4811 and EL 5947, although still interesting required further work and expenditure that would not be justified by the nature of the targets that were indicated. In general, the area has a number of gold-bearing quartz veins that have some high-grade zones, but these did not appear to be aggregating into a resource suited to modern mining operations.

3. OPERATIONS REVIEW



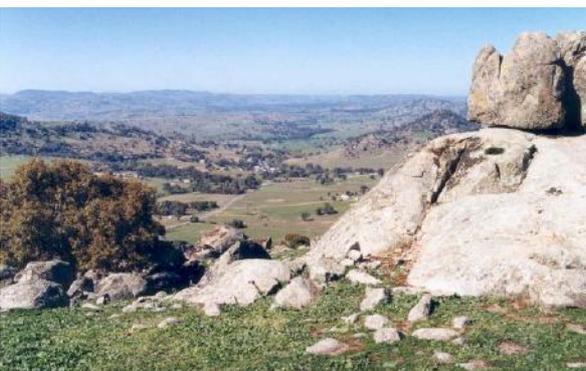
Cowra Project

Gateway successfully negotiated a Joint Venture agreement with Minotaur Exploration to continue exploration on the Cowra Exploration Leases EL 5514 and EL 6102. The main lease EL was at a point where 50% of the area required relinquishment. In line with Departmental policy, Minotaur successfully applied for the areas marked for relinquishment by Gateway. The result of this is that the entire area covered by the original EL is in the joint venture.

The Joint Venture completed a review of all available geophysical and geochemical data that confirmed the targets identified by Gateway and added new prospects. Minotaur brought new technology to the project in the form of hand-held X-Ray fluorescence (XRF) equipment and advanced means of interpreting Induced Polarization data. Use of the XRF confirmed the anomalies recognized by Gateway and added two prospects; Stockfeed and Balbardie. There are now three prospects in the JV area, shown in Figure 1.

In addition, chips from previous drilling at Kiola were processed through HyChips, an infra red based spectrometric system that recognizes alteration minerals and is able to discriminate increases or decreases along a drill hole. This type of information is vital for estimating the approach of the drill string to mineralization.

An IP line was run across the Balbardie soil geochemistry anomaly and yielded very encouraging results as shown in Figure 3. On the basis of strong IP responses combined with soil geochemistry results there are now two drill-ready targets; Kiola and Balbardie.



New South Wales

The combination of the XRF for soils, IP to test the veracity of the soil responses and sound geological mapping has resulted in an effective combination of exploration techniques that will extend over the remainder of the lease area.

In September Minotaur informed Gateway that expenditures targets defined in the JV had been met, and they were continuing to meet their farm-in commitments on the project. Further, Minotaur has negotiated the entry of Mitsubishi Metals into the Project implying the rate of expenditure on the area will be greatly increased. The equity earned by Mitsubishi does not dilute Gateway, which will retain 25% of the Cowra tenements up to a decision to mine.

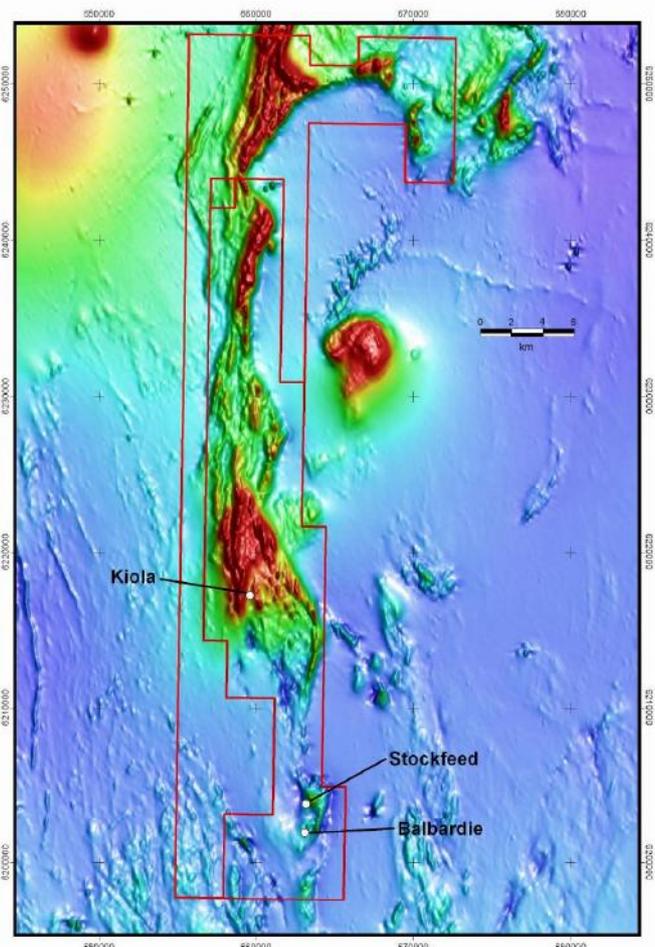


Figure 1: Joint venture area showing the three major prospects that are now drill-ready

3. OPERATIONS REVIEW



Cowra

New South Wales

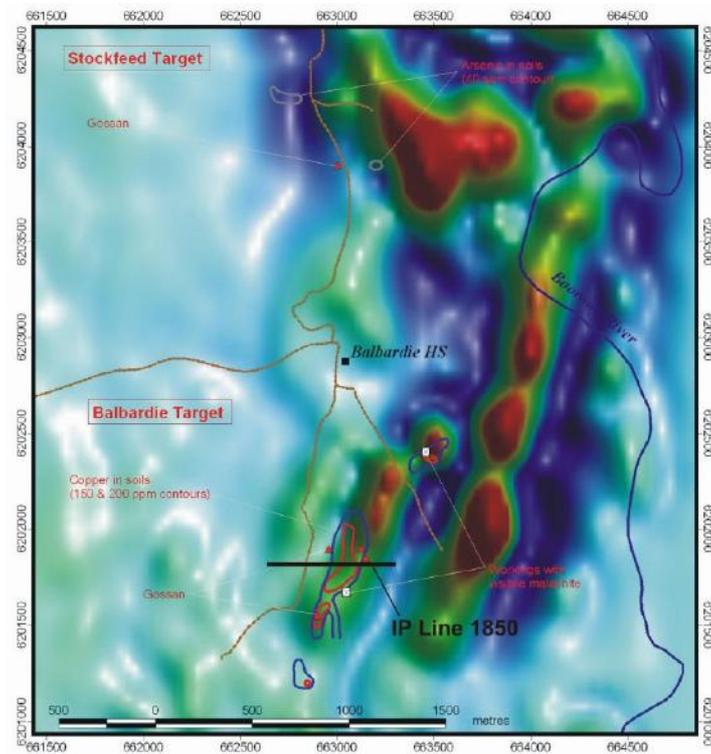


Figure 2: Soil anomalies that define the Balbardie Prospect and location of IP line 1850

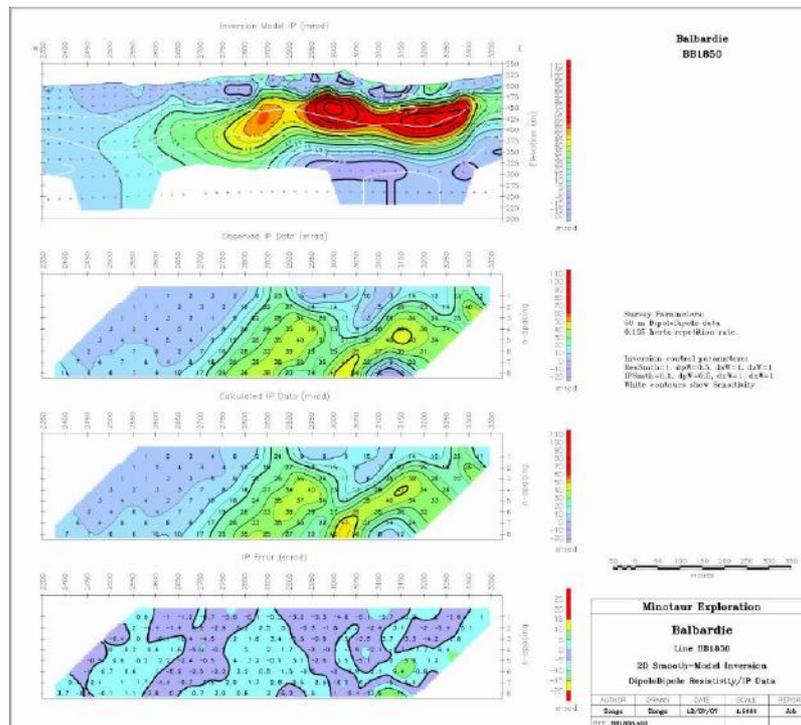


Figure 3: IP response over Balbardie soil geochemistry anomaly

3. OPERATIONS REVIEW



Surprise Project

At the close of 2006 a Joint Venture was concluded with Minotaur Exploration on the Surprise Project, followed by a complete review of all available data, and the instigation of an exploration program. The data suggest the potential for a deep source of the geochemical anomalies; as a consequence the area of EPM 9053 was covered by a gravity survey.

Gravity is able to detect specific gravity differences. In this case it would be expected that sulphide rich rocks would be detectable because of the SG contrast such units exhibit. The survey has identified a number of anomalies that require deep drill testing. From these studies, areas of interest have been defined that will, after more detailed soil geochemistry and modeling the geophysical data, yield drill targets.

Queensland

The north eastern area of interest is the area on which Gateway concentrated much of its efforts. Included was IP surveys which can now be reprocessed using updated programs not previously available.

Minotaur Exploration has an exclusive alliance with Oxiana Limited for South Australia, Northern Territory and the Mt Isa region.

Depending when Oxiana enter the Project it may earn from 51% to 75% by funding at various levels ranging from \$1 million to \$5 million. Oxiana have elected to enter into such an arrangement and will sole fund the Surprise exploration in the coming period. This arrangement will facilitate the required deep drilling, with Gateway retaining a 25% carried interest until a decision to mine.

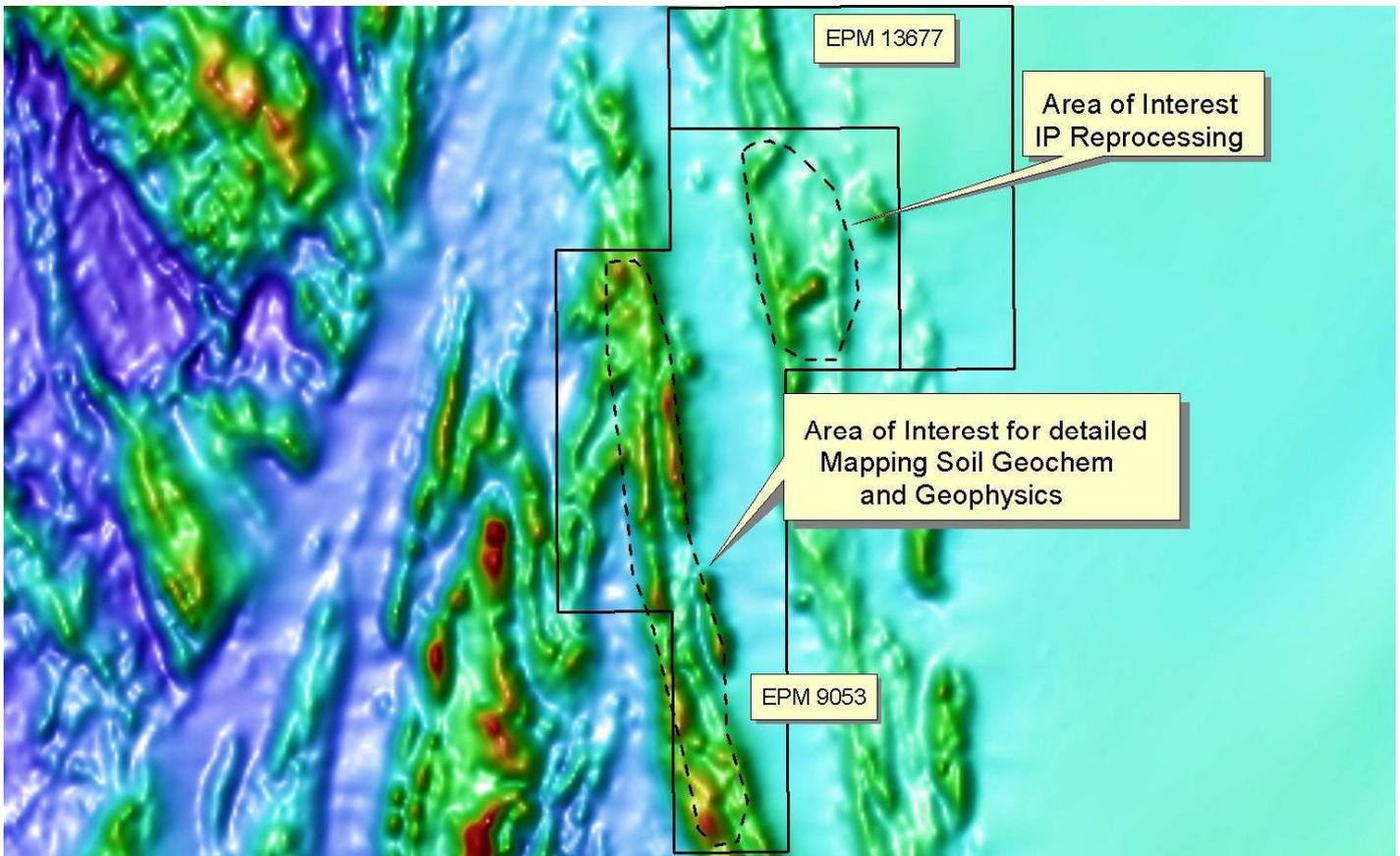


Figure 4: Areas of interest for future exploration and deep drilling

3. OPERATIONS REVIEW

Gidgee Gold Project

Exploration ground held by Gateway covers almost 400 square kilometres in the Gum Creek Greenstone Belt, about 600 km northeast of Perth. Historically gold production in the area has exceeded 1.5 million ounces.

Recent work on geology, geochemistry and geophysics had confirmed the widespread existence of gold mineralisation. Much of the drilling by Gateway has concentrated on



Western Australia

mineralisation that is close to the surface and greater efforts are now being made, with joint venture partners, to seek out deeper targets.

Of particular interest are the under-explored Montague area and Victory Creek, where two deep diamond drill holes were put down late last year. Gateway has discovered virgin mineralisation under 20-30 metres of cover at Julia's Fault, Two Dogs and Hypotenuse.

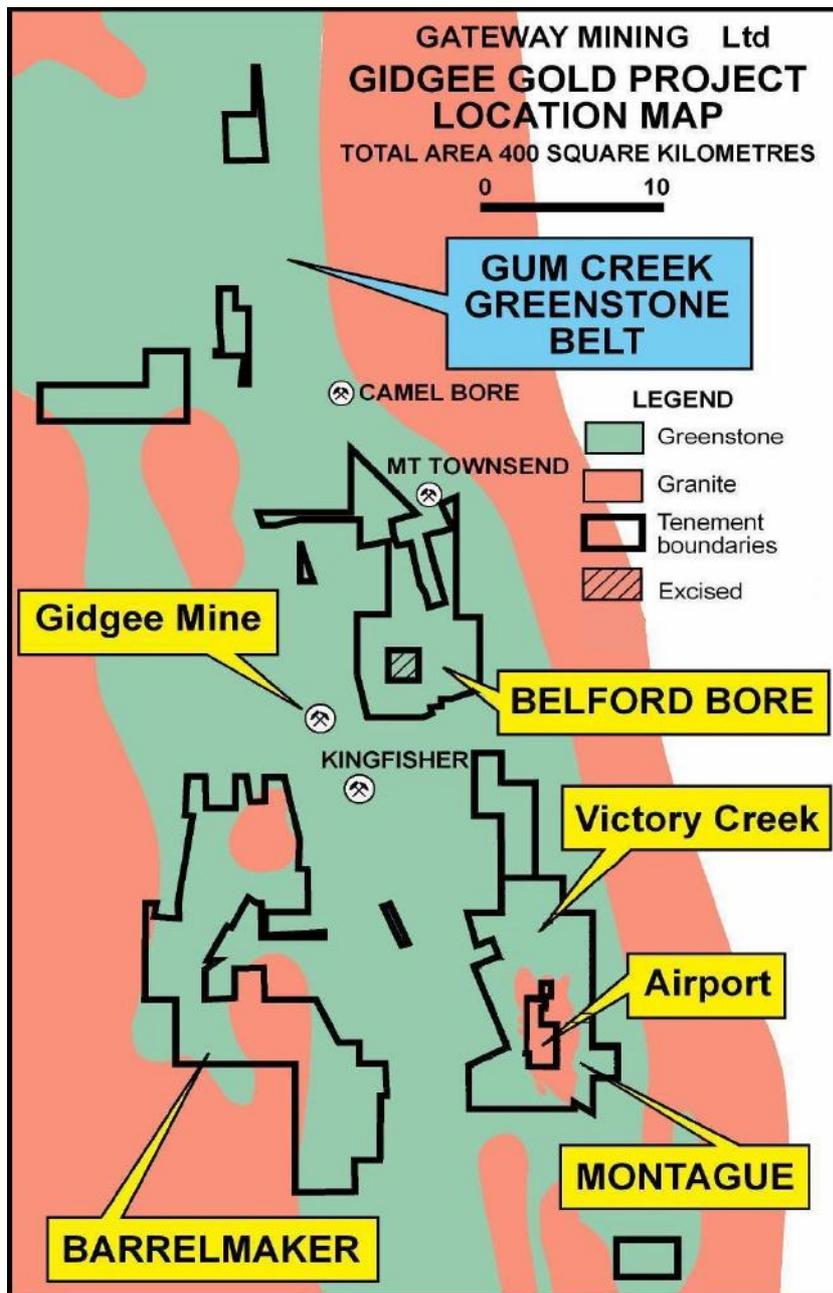


Figure 5: Gidgee Gold Project Areas

3. OPERATIONS REVIEW



Victory Creek

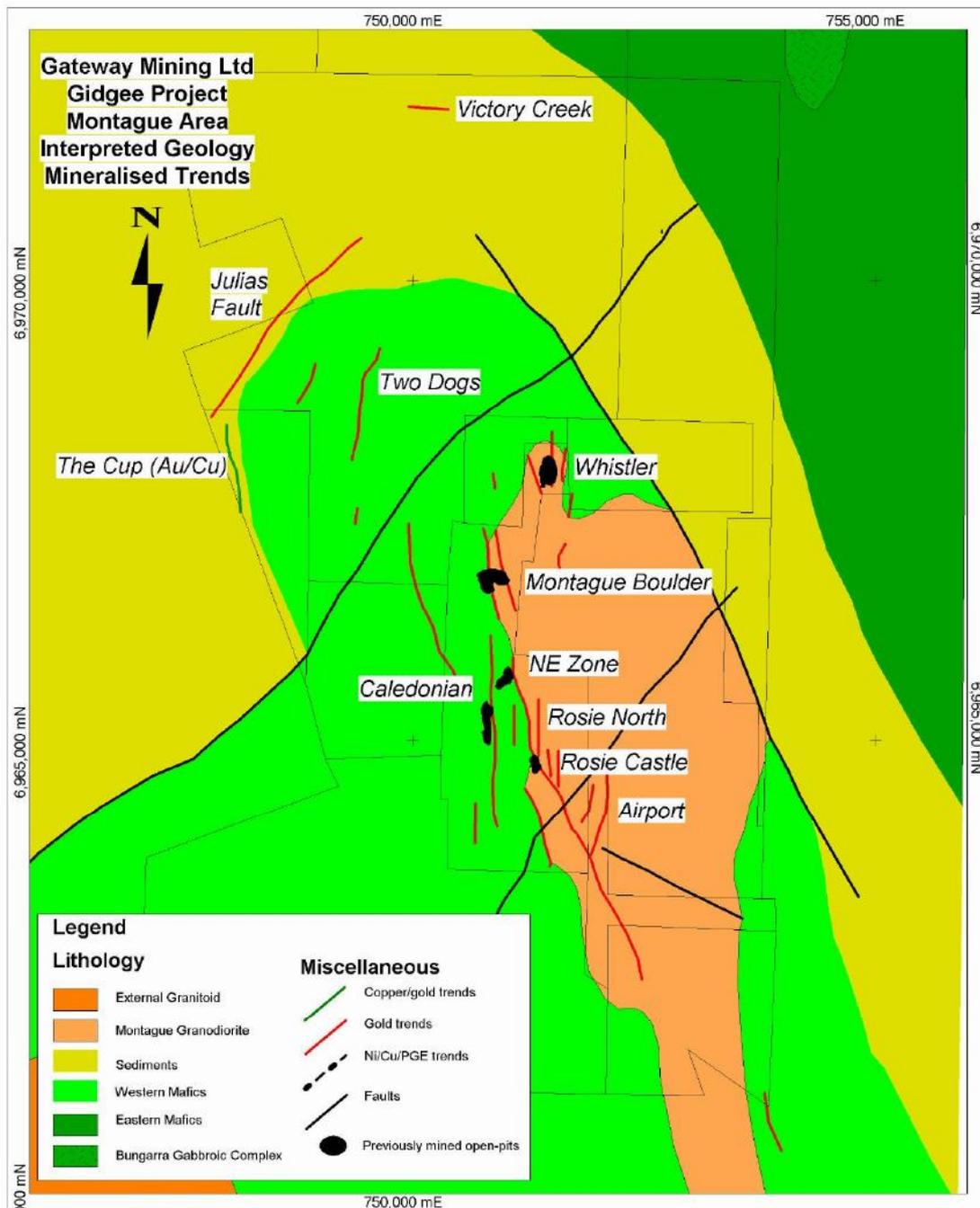
Gateway 75% Red 5 25%

Our previous JV partner, Barrick Gold drilled two diamond holes but failed to detect mineralisation associated with a gravity anomaly. The Barrick drilling had failed to investigate a previous Gateway RC intersection of 24m at 0.59 g/t, including 4m @ 1.3 g/t, and 13m @ 0.78 g/t, including 2m @ 1.07 g/t and 5m @ 1.15 g/t.

Western Australia

These intersections were made below a geochemical anomaly to the east of the deeper Victory Creek target.

In addition Gateway has discovered virgin mineralisation under 20-30m of cover at Two Dogs, Hypotenuse and at Julia's Fault, which is located at the southern end of a 4.5km long structure from Victory Creek that is highly anomalous in arsenic and antimony.



3. OPERATIONS REVIEW

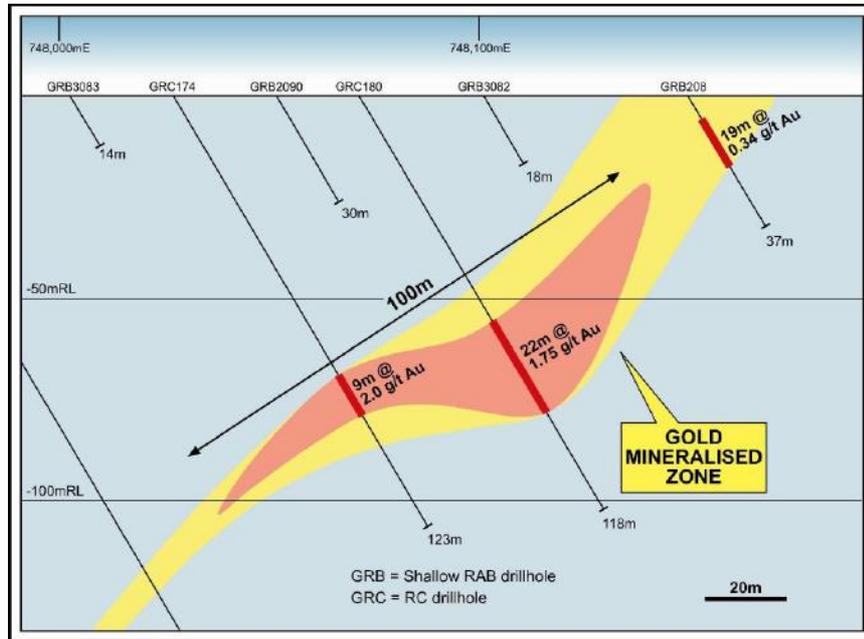


Victory Creek

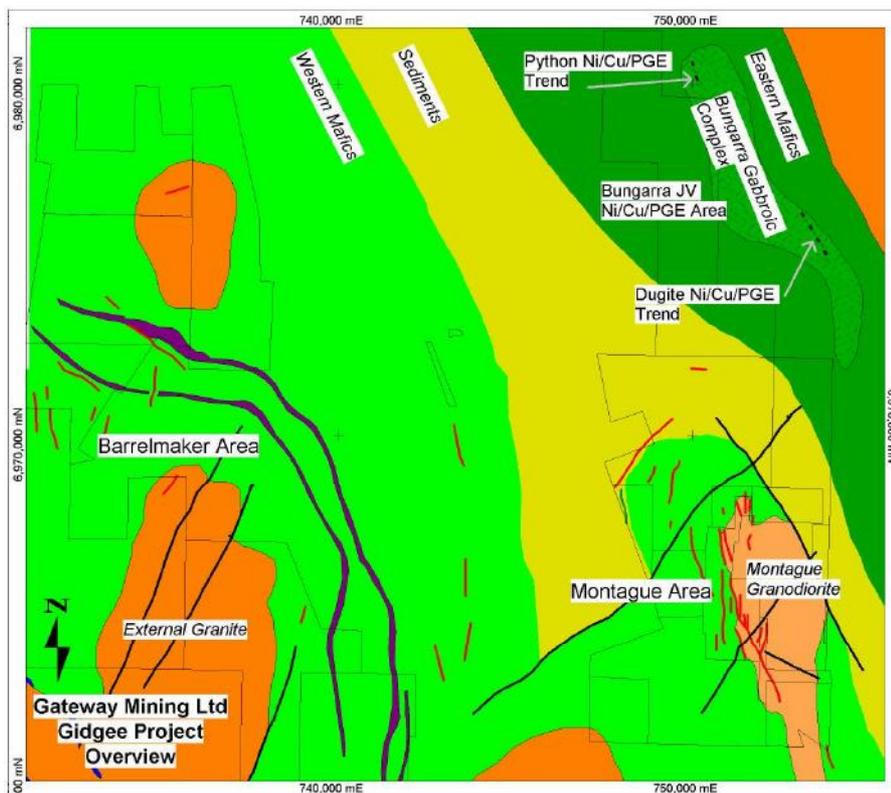
Western Australia

At Julia's Fault Barrick intersected 7m @ 1.97g/t gold from 36-43m depth, including 3m @ 3.73 g/t.

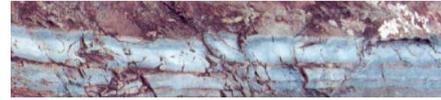
This intersection is 100m north of previous Gateway RC holes that intersected 22m @ 1.75 g/t and 9m @ 2.0 g/t.



JULIA'S FAULT
Drilling Section 6,969,000mN



3. OPERATIONS REVIEW

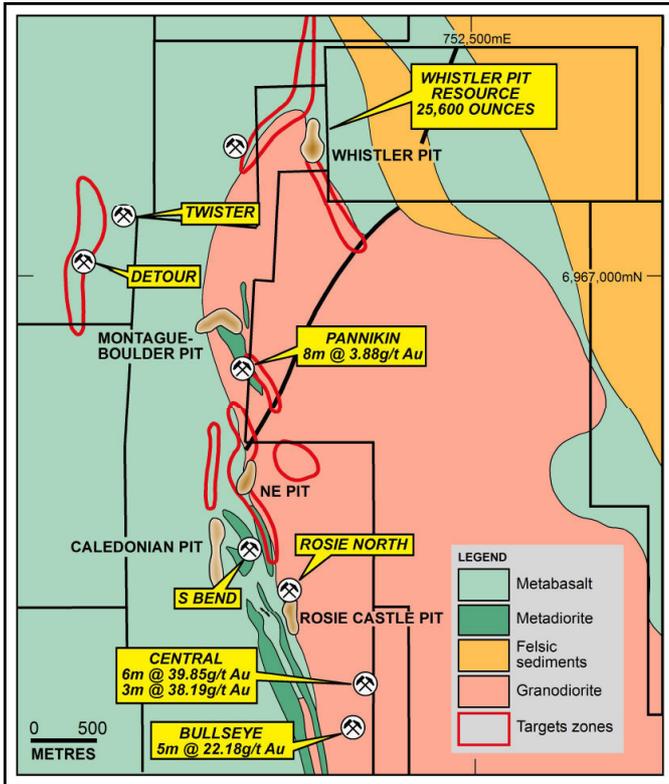


Western Australia

Whistler Project (WCP earning 70%)

During the year WCP conducted drilling aimed at expanding the gold resource beneath the Whistler pit. The first hole intersected 22m @ 14.94 g/t gold, including 9m @ 33.82 g/t. The second RC hole intersected 3m @ 6.93 g/t from a new structure that is estimated to extend for 200 metres along strike in the hanging wall of the existing resource. The diamond portion of the latter returned 2m @ 10.53 g/t gold.

WCP is reassessing and integrating all drilling results from the area to better understand controls over structure and mineralisation prior to the next drilling campaign to enhance the size of the current resource. Whistler has an inferred resource of 106,000 tonnes averaging 7.5 g/t (uncut) or about 25,600 ounces above a 3 g/t cut off, below the previously mined surface oxide gold.



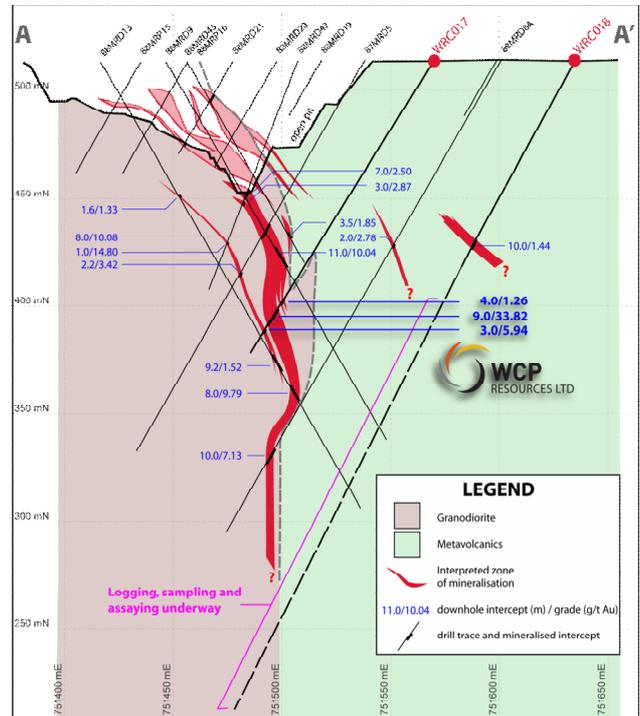
The Cup

Following the Barrick withdrawal, Gateway drilled the Cup anomaly, directly south of Julia's Fault and to the south west of Two Dogs, making a significant virgin copper discovery.

Significant sediment hosted copper and gold mineralisation was discovered, including a 29m intersection averaging 1.08% copper from a depth of 71m. Multi-element analysis from the mineralisation shows significant anomalism in Sn, As, Mo, Sb, Ag and W, possibly reflecting a volcanic exhalative origin.

Further drilling will take place following completion of a ground electromagnetic survey over the gold mineralisation at Julia's Fault and copper sulphide mineralisation at the Cup.

Old drillholes in the area suggest the prospect could extend over a kilometre with 4000 ppm copper found 300m to the north in an old drill hole. There are subsurface gossans with no analysis for copper 200m and 400m to the south.



Airport Central

At Rosie North, Gateway had previously intersected ore grade mineralisation over a strike length of 300 metres. Additional RAB

3. OPERATIONS REVIEW



Western Australia

holes intersected 6m @ 8.2 g/t from a depth of 30m down hole, about 100m south of previous shallow drilling that had yielded 5m @ 1.4 g/t and 5m @ 1.0 g/t from 5-metre composites.

Follow up RC holes by WCP has confirmed continuation of mineralisation at depth with a best result of 5m @ 2.72 g/t and 1m @ 12.65 g/t and 5m @ 2.38 g/t.

As is the case with Whistler, Rosie North involves a complex structural setting that requires more detailed analysis prior to further drilling.

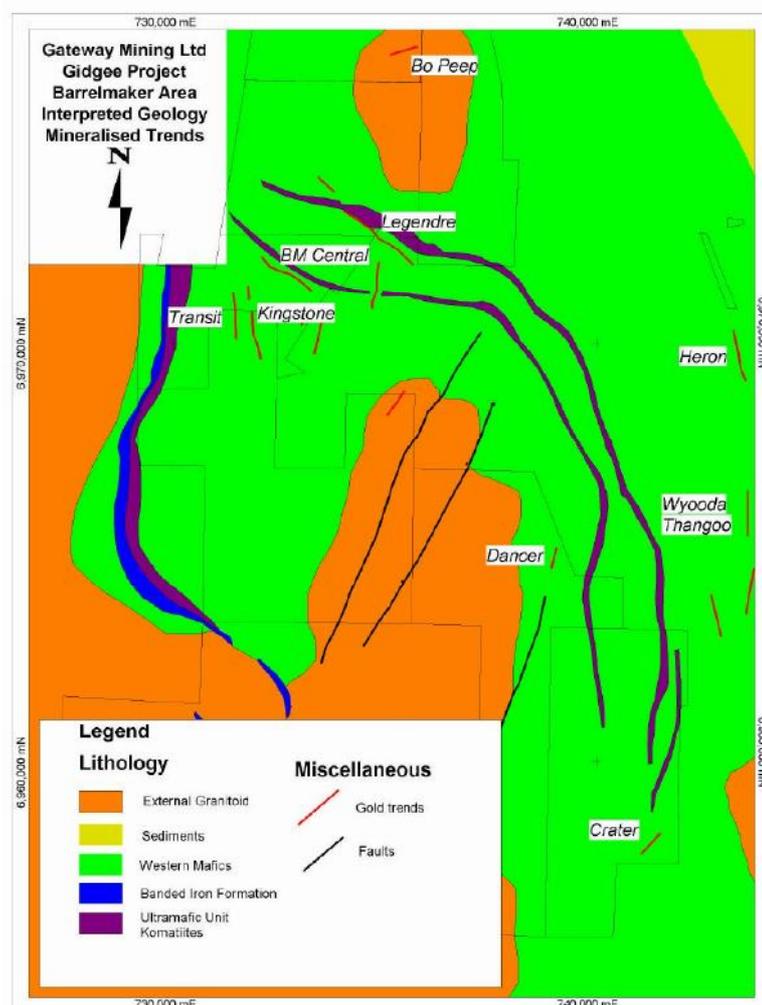
BARRELMAKER

Numerous significant gold trends have been identified but no economic mineralisation has yet been identified. During the course of gold exploration, numerous ultramafic

horizons have also been observed and these are now interpreted to be reasonably thick (100-300m) komatiitic flows within a thicker tholeiitic basalt and interflow sediment sequence.

No significant nickel exploration has been undertaken previously in this area. Most of the Gum Creek greenstone belt has been held by gold-only explorers for the past 30 years.

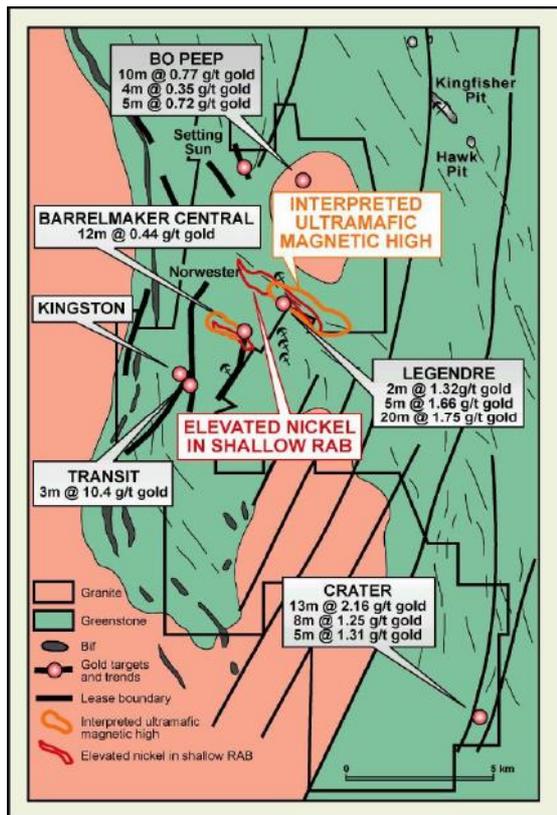
In the second half of the financial year the focus has shifted towards evaluation of the nickel potential at Barrelnaker. Future work will include detailed airborne magnetics, RAB geochemistry, gossan searches and electrical geophysical surveys. Pointers are being sought for the discovery of significant nickel sulphide mineralization.



3. OPERATIONS REVIEW



Western Australia



Seven RC holes were drilled to test a 600m by 600m gold anomaly that coincides with the underlying Bolger Well shear zone at the Legendre Prospect. The drilling traversed the target zone with a best result of 10m @ 0.75 g/t and 10m @ 0.55 g/t. Earlier RAB drilling had intersected 20m @ 1.75 g/t and 5m @ 1.66 g/t.

Located on the western side of the Gum Creek Greenstone Belt, Barrelnmaker contains the under explored Bolger Well shear zone and Bo Peep granodiorite. The area contains about a dozen gold drill targets that await further testing.

Figure 6: Location of Company prospects in Barrelnmaker area

West Bungarra Joint Venture

Legend 70% Gateway 30%

Shortly after the end of the 2006-07 financial year a joint venture was signed with Legend Mining covering Gateway’s P57/976 leases in Gidgee, where Legend has agreed to sole fund exploration until a decision to mine.

This development followed a previous announcement by Legend that it had discovered magmatic copper-nickel-platinum group element mineralisation at its Python Prospect. Rock chips from gossanous ironstone outcrops in the area had assays of up to 5.7% copper, 1.0% nickel and 0.7 g/t PGE.

Table 1: Sulphide Gossan Rock Chip Assay Results From Python Prospect

North GDA94-50	East GDA94-50	Description	Cu %	Ni %	Pt ppb	Pd ppb	Rh ppb	Ru ppb	Os ppb	Ir ppb
6980365	750036	Grab sample of float	0.14	0.55	95	87	200	20	2	18
6980365	750036	Grab sample of float	0.21	0.41	108	221	79	12	4	7
6980385	750015	Grab sample of float	0.38	0.34	387	305	324	13	2	19
6980422	749976	Grab sample of float	0.05	0.08	197	77	31	2	1	4

Copper (Cu) and Nickel (Ni) assayed by XRF. Platinum (Pt), Palladium (Pd), Rhodium (Rh), Ruthenium (Ru), Osmium (Os) and Iridium (Ir) assayed by 25g fire assay (nickel sulphide collection) ICP-MS at Ultra Trace Pty Ltd, Perth.

Grab sample of float: a composite sample of gossanous rubble lying on the surface and interpreted to be within metres of source. 1000 parts per billion (ppb) = 1 part per million (ppm) = 1 gram per tonne (g/t)

3. OPERATIONS REVIEW



Western Australia

The joint venture with Gateway will give Legend access to the entire southern strike extension of the Python Prospect, along the western margin of the Bungarra Intrusive Complex. Results are awaited for a high resolution aeromagnetic survey and Legend anticipates completing geological mapping and further geophysical surveys to define drill targets in the area.

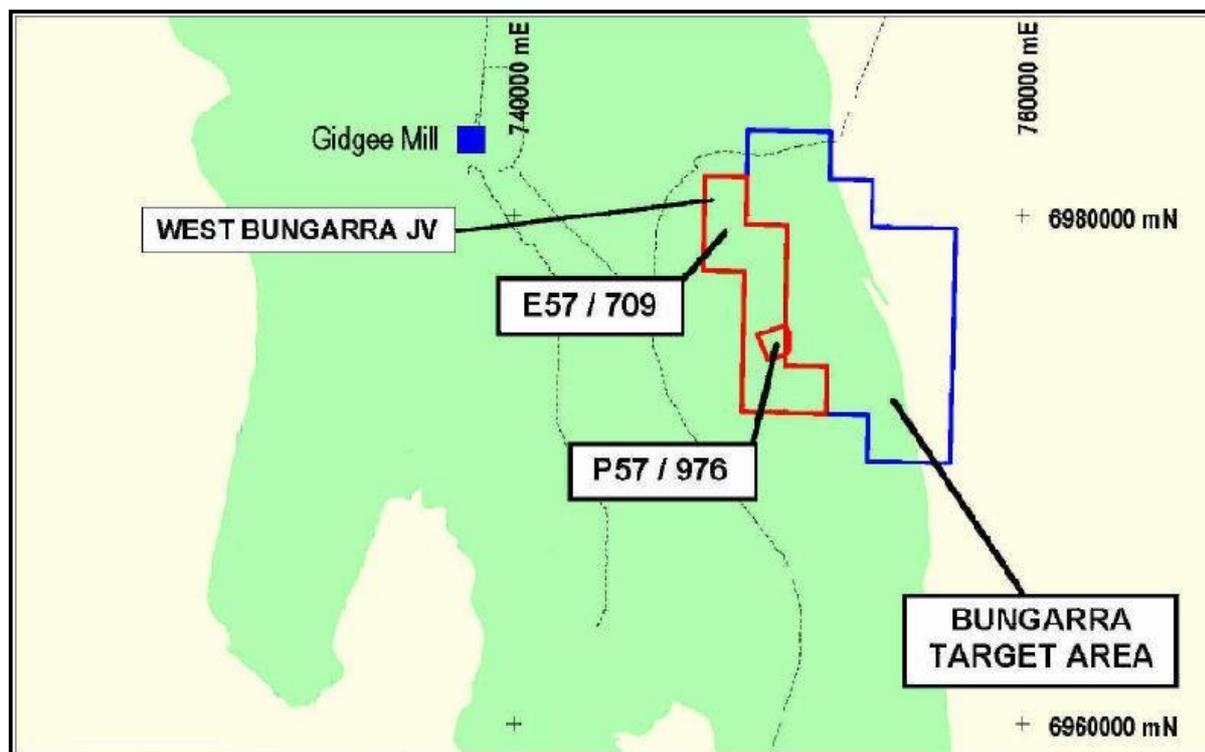


Figure 7. Location of West Bungarra JV and Gum Creek Project



4. TENEMENTS



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

TENEMENT SCHEDULE		
PROJECT	TENEMENTS	% INTEREST
GIDGEE	MLA53/905 (PLA53/1304), MLA53/938 (PLA53/1331-1333), P57/976, MLA53/939 (PLA53/1306), MLA53/906 (ELA53/1298, PLA53/1303), MLA53/926 (PLA53/1330, PLA53/1334), P57/879 (MLA57/483, P57/1168, PLA57/1170), P57/882 (MLA57/472, PLA57/1150), P57/883 (MLA57/471, PLA57/1155, PLA57/1151), P57/884 (MLA57/471, PLA57/1155), P57/893 (MLA57/497, PLA57/1144), MLA57/504 (PLA57/1175-1178), MLA57/464 (PLA57/1171-1174), E57/342 (MLA57/487, ELA57/688, PLA57/1152), E57/343 (MLA57/486, ELA57/687, PLA57/1149), E57/359 (MLA57/460, MLA57/495, MLA57/496, ELA57/685, PLA57/1145-1147), MLA57/462 (PLA57/1133), MAL57/463 (PLA57/1136), MLA57/466 (PLA57/1179, PLA57/1180), MLA57/484 (PLA57/1181, PLA57/1182), E57/394 (MLA57/470, MLA57/498, ELA57/683, PLA57/1140, PLA57/1143), ELA57/563, ELA57/405, E57/417, E57/418, E57/562, E57/554, MLA53/909 (PLA53/1305), MLA57/456 (PLA57/1163, PLA57/1164),	100
	E57/232 (MAL57/387, MLA57/388, ELA57/686, PLA57/1148, PLA57/1183-1186) - LEGENDRE JV	80
	E57/334 (MLA57/447, MLA57/488, MLA57/489, ELA57/689, ELA57/682, PLA57/1153, PLA57/1154), E57/335 MLA57/488-491, ELA57/689, ELA57/682, PLA57/1137-1139) - HERALD RESOURCES JV	80
	M57/429, M57/485, E57/561 - ESTURAY RESOURCES JV	75
	M57/48, M57/49, M57/99, M57/217 & G57/2 - HERALD RESOURCES JV (WCP JV)	85
	MLA57/446 (PLA57/1132), MLA57/503 (PLA57/1156, PLA57/1157), MLA57/461 (PLA57/1158-1160), MLA57/445 (PLA53/1325, PLA57/1161, PLA57/1162), MLA57/502 (PLA57/1165, PLA57/1166), MLA53/907 (PLA53/1326, PLA53/1327), MLA53/987 (PLA53/1328, PLA53/1329), - FALCON MINERALS JV	75
COWRA	EL 5514	100
	EL 6102	100
HODGKINSON BASIN	EPM 9934	6
	EPM 10026	6
	EPM 11765	6
	EPM 12240	6
	MDL(A) 254	100*
SURPRISE	ML 2483, 2509, 2686, 90102	100
	EPM 9053, EPM 13677	100

*Denotes Transfers to be lodged with Department of Natural Resources and Mines. Gateway to reduce to 6% on approval.

5. DIRECTORS' REPORT



Your directors present their report on the company for the financial year ended 30 June 2007.

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 (Non-Executive 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 (Non-Executive Director)

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.

He recently accepted an Adjunct Associate Professorship on a part time basis at the University of Western Sydney, and is a Research Fellow at the University of Newcastle in coal combustion and utilisation. He has in the past been in CSIRO involvement in the development of automated mineralogy for the minerals industry. Through his consultancy, he has been involved in exploration for gold, base metals, fuel and platinum resources.

Brian F. Thornton (Non-Executive Director)

B.Ec., F.Fin

Board member since 2001. Brian Thornton, a graduate in Economics from the Australian National University and a Fellow of the Financial Services 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 Resources Pty Limited and Chairman of Xanadu Mines Ltd.

Directors and Specified Executives (being key management personnel) Interests`

As at the date of this report, the interests of the directors and specified executives in the shares and options of the company were:

Directors:	Ordinary shares:	Options over ordinary shares:
B. Gomez	301,250	350,000
R.A. Creelman	130,500	350,000
B.F. Thornton	10,215,482	350,000
Specified Executives:	Ordinary shares:	Options over ordinary shares:
S.Lian	380,000	450,000

17,512 options were exercised at 30cents per option on 1st March 2007. Total 2,500,000 options at an exercise price of 30 cents per option exercisable at any time up to 30 November 2011 were issued to executives, staff and consultants during the year.

5. DIRECTORS' REPORT



2. COMPANY SECRETARY

Mr. Anthony C. de Govrik – Solicitor. Mr. de Govrik also acts as the company solicitor and was appointed company secretary on 8 October 1992.

3. PRINCIPAL ACTIVITIES

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

4. RESULTS AND DIVIDENDS

The profit after tax for the year was \$59,849 (2006 profit - \$157,249). No dividends have been declared or paid during the year.

5. REVIEW OF OPERATIONS

The company signed an agreement with WCP Resources Ltd (WCP) on its Airport/Barrelmaker Project in Western Australia. On signing of the agreement, WCP issued 6.25 million shares at 20cents per share as an option to acquire a 70% interest in the Airport/Barrelmaker Project in Western Australia. The company signed two new joint ventures with Minotaur Exploration Limited on its Cowra Project in NSW and its Surprise Project in the Mt Isa District, Queensland. At the Cowra Project, Minotaur is required to spend a total of \$2.0 million over 54 months to earn 75% of the Project. At the Surprise Project, Minotaur is required to spend a total of \$1.0 million over 54 months to earn 75% of the Project. The status of the company was changed during the year from No Liability to Limited.

6. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND FINANCIAL POSITION

There were no significant changes to the state of affairs of the company except for the issue of 17,512 new shares at 30c per share that raised \$5,254 through an exercise of options on 1st March 2007. In the financial position, the company held listed securities with a market value at 30 June 2007 of \$2,966,232 (2006: \$656,853).

7. 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.

8. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future periods other than:

On 16 July 2007 the company announced a joint venture with Legend Mining Limited on West Bungarra Project in Western Australia to earn 70% of the project. Under the agreement, Legend will sole fund exploration until a decision to mine.

The company was further granted 1,958,251 ordinary shares in WCP Resources Ltd at 25.5 cents per share as part of an agreement to acquire an interest in Western Australia Gold Projects.

9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

5. DIRECTORS' REPORT



10. SHARE OPTIONS

At the date of this report, there were 2,500,000 options (2006 -9,692,828). The options are exercisable at 30 cents per option on or before 11th November 2011.

11. EMPLOYEES

There were 2 employees as at 30 June 2007 (2006 - 2)

12. REMUNERATION REPORT

Directors' and Specified Executives (being key management personnel) Remuneration

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

Company officers and directors are remunerated to a level consistent with the size of the company.

The company's aim is to remunerate at a level that will attract and retain suitably qualified directors and employees.

The remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders of the company from time to time. This remuneration is by way of a fixed fee and supplemented by the issue of incentive options as approved by shareholders in a general meeting of the company.

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

No remuneration is linked to the current performance of the company. This may change in time.

Directors' Remuneration – Audited

	Short-term benefits			Post-employment benefits	Share-based payments	Total
	Fees	Non-monetary benefits	Other short-term benefits	Super-Contribution	Options	
	\$	\$	\$	\$	\$	\$
B. Gomez	25,000	-	-	-	14,420	39,420
R.A. Creelman	25,300	-	-	-	14,420	39,720
B.F.Thornton	20,000	-	-	1,800	14,420	36,220
	70,300	-	-	1,800	43,260	115,360

Specified Executives Remuneration – Audited

	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash Salary	Fees	Non-monetary benefits	Other short-term benefits	Super-Contribution	Options	
Name:	\$	\$	\$	\$	\$	\$	\$
S. Lian (CEO)	120,000	-	-	17,305	10,800	18,540	166,645
Allan Pellegrini (Exploration Consultant)	-	62,662	-	18,385	-	10,300	91,347
Mark.Gordon (Exploration Consultant)	-	2,269	-	-	-	4,120	6,389
	120,000	64,931	-	35,690	10,800	32,960	264,381

No termination benefits except a long service leave of \$12,000 were paid during the financial year.

A total of 2,500,000 options at exercisable price of 30 cents per option exercisable at any time up to 30th November 2011 were issued to Directors and executives of the company and to its consultants during the year.

5. DIRECTORS' REPORT



Related Party Transactions

Since the end of previous financial year, other than the remuneration disclosed above, no director has received any benefits.

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	6
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 Limited 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.

16. NON-AUDIT SERVICES

There were no non-audit services performed by the external auditor during the financial year.

17. AUDITOR INDEPENDENCE DECLARATION

The auditor independence declaration for the year ended 30 June 2007 has been received and can be found on page 5 of this financial report.

18. INDEMNIFYING OFFICERS OR AUDITOR

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who has been an officer or auditor of the company.

Signed in accordance with a resolution of the Board of Directors.

Brian Gomez
Director

Dated this 28th day of September 2007
Sydney

**AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF GATEWAY MINING LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007 there have been:

- (1) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (2) no contraventions of any applicable code of professional conduct in relation to the audit.

Priestley & Morris

**Priestley & Morris
Chartered Accountants**

P A Cordwell

**P A Cordwell
Partner**

Dated this 28th day of September 2007

Priestley & Morris - ABN: 51 502 720 047

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Liability limited
by a scheme
approved under
Professional
Standards
Legislation



6. INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007



	NOTE	2007 \$	2006 \$
• Revenue	3	1,316,748	612,577
• Depreciation and amortisation expense	4	(2,457)	(8,453)
• Exploration expenditure written off		(714,031)	-
• Employee benefit expenses		(244,334)	(192,039)
• Professional services rendered		(105,000)	(105,870)
• Office expenses		(44,927)	(45,638)
• Compliance fees		(19,849)	(23,504)
• Share registry fees		(22,727)	(18,182)
• Travel and entertainment expenses		(28,225)	(27,827)
• Other expenses		(75,349)	(33,815)
• Profit before income tax expense	4	59,849	157,249
• Income tax expense	5	-	-
• Profit for the year		59,849	157,249
• Net profit attributable to members of Gateway Mining Limited	15	59,849	157,249
• Basic earnings per share	7	0.0006	0.0017
• Diluted earnings per share	7	0.0006	0.0015

The accompanying notes form part of these financial statements

7. BALANCE SHEET

AS AT 30 JUNE 2007



	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
• Cash and cash equivalents		921,100	1,846,243
• Trade and other receivables	8	65,380	68,293
TOTAL CURRENT ASSETS		986,480	1,914,536
NON-CURRENT ASSETS			
• Trade and other receivables	8	12,608	12,608
• Financial assets	9	3,516,232	1,206,853
• Plant and equipment	10	7,222	7,840
• Deferred exploration and evaluation expenditure	11	6,792,336	7,063,234
TOTAL NON-CURRENT ASSETS		10,328,398	8,290,535
TOTAL ASSETS		11,314,878	10,205,071
CURRENT LIABILITIES			
• Trade and other payables	12	49,153	58,660
• Short-term provisions	13	9,933	9,001
TOTAL CURRENT LIABILITIES		59,086	67,661
NON-CURRENT LIABILITIES			
• Long-term provisions	13	-	12,000
TOTAL NON-CURRENT LIABILITIES		-	12,000
TOTAL LIABILITIES		59,086	79,661
NET ASSETS		11,255,792	10,125,410
EQUITY			
• Issued capital	14	20,155,760	20,150,506
• Reserves	16	1,297,874	232,595
• Accumulated losses	15	(10,197,842)	(10,257,691)
TOTAL EQUITY		11,255,792	10,125,410

The accompanying notes form part of these financial statements

8. CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007



	NOTE	2007 \$	2006 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
• Payments to suppliers and employees		(455,073)	(402,854)
• Interest and other income received		66,748	23,535
NET CASH USED IN OPERATING ACTIVITIES	19a	(388,325)	(379,319)
CASH FLOWS FROM INVESTING ACTIVITIES			
• Proceeds from sale of financial assets		-	849,206
• Purchase of plant and equipment		(1,839)	-
• Purchase of listed securities		(97,100)	(10,555)
• Expenditure on mining interests		(443,133)	(593,521)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(542,072)	245,130
CASH FLOWS FROM FINANCING ACTIVITIES			
• Proceeds from issues of ordinary shares		5,254	1,720,000
• Placement fees		-	(86,000)
NET CASH PROVIDED BY FINANCING ACTIVITIES		5,254	1,634,000
NET DECREASE IN CASH HELD		(925,143)	1,499,811
Add opening cash brought forward		1,846,243	346,432
CLOSING CASH CARRIED FORWARD	19b	921,100	1,846,243

The accompanying notes form part of these financial statements.

9. STATEMENT OF CHANGES IN EQUITY

FOR THE ENDED 30 JUNE 2007



	Issued capital	Accumulated losses	Financial asset revaluation and Share Based Payments Reserve	Total
	\$	\$	\$	\$
Balance at 1.7.2005	18,516,506	(10,414,940)	-	8,101,566
Shares issued during the year	1,634,000	-	-	1,634,000
Revaluation increment on transition to IFRS			467,566	467,566
Cumulative revaluation increment realised on disposal of financial assets			(303,449)	(303,449)
Revaluation increment at balance date			68,478	68,478
Profit attributable to members of the company		157,249		157,249
Balance at 30.06.2006	20,150,506	(10,257,691)	232,595	10,125,410
Shares issued during the year	5,254	-	-	5,254
Share based payments	-	-	103,000	103,000
Revaluation increment at balance date	-	-	962,279	962,279
Profit attributable to members of the company	-	59,849	-	59,849
Balance at 30.06.2007	20,155,760	(10,197,842)	1,297,874	11,255,792

The accompanying notes form part of these financial statements.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

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

The financial report of Gateway Mining Limited as an individual entity complies with all Australian equivalents to International Financial Reporting Standards (IFRS) in their entirety.

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.

Basis of Preparation

Gateway Mining Limited has prepared the financial statements in accordance with the Australian Equivalents to International Financial Reporting Standards (IFRS).

The accounting policies set out below have been consistently applied to all years presented

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected financial assets for which the fair value basis of accounting has been applied.

a. Income Tax

The charge for current income tax expenses is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is credited to the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. 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 Balance Sheet.
- Cash flows are included in the Cash Flow Statement 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.

c. Plant and Equipment

Cost and valuation

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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 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:

<i>Class of Fixed Assets:</i>	<i>Depreciation rate:</i>
Plant and equipment	8% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

d. Financial instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Available-for-sale financial assets

Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair values are taken directly to equity.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. 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.

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 equivalents

For the purpose of the Cash Flow Statement, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

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. Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows, including on-costs, to be made for those benefits.

Contributions are made by the company to an employee defined contribution superannuation fund and are charged as expenses when incurred.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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 in the period in which they are incurred.

Finance leases

The company is not a party to any finance leases.

k. Earnings per share

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

Diluted earnings 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.

l. Sundry payables 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.

m. 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.

n. Impairment

At each reporting date, the company reviews the carrying value of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

o. Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on historical trends and economic data, obtained both externally and from within the company.

Key estimates - Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Plant and equipment, *deferred exploration and evaluation expenditure* and financial assets have been reviewed by the company and as there are no indications of any impairment, no impairment losses have been recognised to date.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



	NOTE	2007	\$	2006	\$
NOTE 3: REVENUE					
Non-operating activities					
Interest received	3a	58,748		23,535	
Other revenue	3b	1,258,000		-	
Gain on disposal of financial assets		-		285,593	
Cumulative revaluation increment realised on disposal of financial assets		-		303,449	
Total revenue		1,316,748		612,577	
a. Interest revenue from:					
- other persons		58,748		23,535	
Total interest revenue		58,748		23,535	
NOTE 4: PROFIT FOR THE YEAR					
a. Expenses					
Depreciation of non-current assets:					
- plant and equipment		2,457		8,453	
Share based payment to directors, employees and consultants		103,000		-	
Rental expense on operating leases:					
- minimum lease payments		42,959		38,467	
b. Significant revenues and expenses					
The following significant revenues and expenses are relevant in explaining the financial performance:					
Net gain on disposal of non-current assets:					
- Financial assets		-		285,593	
		-		285,593	
Option fee received to acquire interest in Barrelmaker and Airport gold exploration tenements		1,250,000		-	
Cumulative revaluation increment realised on disposal of financial assets		-		303,449	
Total significant net revenues		1,250,000		589,042	
Exploration expenditure written off on abandoned tenements		714,031		-	

The accompanying notes form part of these financial statements

10. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007



NOTE 5: INCOME TAX EXPENSE

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable (benefit) on profit (loss) from ordinary activities before income tax at 30% (2006 – 30%)

Add tax effect of permanent differences

- share based payments

Tax effect of capital losses used and carried forward separately

Income tax expense (benefit) arising from profit (loss)

Utilisation of prior period tax losses

Benefit of tax loss not brought to account

Income tax expense attributable to profit (loss) from ordinary activities before income tax

	2007	\$	2006	\$
	17,955		47,175	
	30,900		-	
	-		-	
	48,855		47,175	
	(48,855)		(47,175)	
	-		-	
	-		-	

As at balance date, the Company has estimated carry-forward tax losses of \$12,990,634 (2006: \$13,586,632), which is an income tax benefit of \$3,897,190 (2006: \$4,075,990). The Company has net deferred timing differences of \$4,667,738 (2006: \$7,556,338), which represents a net deferred tax liability of \$1,400,321 (2006: \$2,266,901).

These potential net 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.

The accompanying notes form part of these financial statements.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 6: AUDITORS' REMUNERATION

Remuneration of the auditor of the company for:

- auditing or reviewing the financial report

2007 \$	2006 \$
18,000	18,900

NOTE 7: EARNINGS PER SHARE

a. Reconciliation of earnings to profit or loss

Profit	59,849	157,249
Net profit attributable to outside equity interest	-	-
Earnings used in calculating basic and dilutive earnings per share	59,849	157,249

b. Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share

No of shares	No of shares
101,111,255	94,076,957

c. Effect of dilutive securities:

Share options	-	9,692,828
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	101,111,255	103,769,785

d. Conversions, calls, subscription or issues after 30 June 2007

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.

10. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007



NOTE 8: TRADE AND OTHER RECEIVABLES CURRENT

Security deposits

53,106

50,424

Goods & services tax receivable

12,274

17,869

65,380

68,293

NON-CURRENT

Security deposits

12,608

12,608

12,608

12,608

Current security deposits are mining bonds and have a floating interest rate, which has averaged 6.07% for the year (2006 – 5.32%). Non-current security deposits are non-interest bearing.

NOTE 9: FINANCIAL ASSETS NON-CURRENT

Available for sale financial assets:

Shares in listed corporations - at fair value

2,966,232

656,853

Shares in unlisted corporation – at cost

550,000

650,000

3,516,232

1,206,853

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

The company received 6,250,000 WCP Resources Limited shares as consideration for an option to acquire and interest in the company's Barrelnaker and Airport Central gold projects. The shares have a market value of \$843,750 at balance date. These shares are escrowed for 12 months.

The fair value of the unlisted available for sale financial asset cannot be reliably measured as variability in the range of reasonable fair estimates is significant. As a result, the unlisted investment is measured at cost.

NOTE 10: PLANT AND EQUIPMENT

Plant and Equipment

At cost

92,440

90,601

Accumulated depreciation

(85,218)

(82,761)

Total Plant and Equipment

7,222

7,840

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:

7,840

16,293

Additions

1,839

-

Depreciation expense

(2,457)

(8,453)

Carrying amount at the end of the financial year:

7,222

7,840

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

NON-CURRENT

Exploration Expenditure- exploration and evaluation phases

Costs carried forward in respect of areas of interest at
beginning of the year

Additions

Expenditure written off

	2007	\$	2006	\$
	7,063,234		6,469,713	
	443,133		593,521	
	(714,031)		-	
	6,792,336		7,063,234	

The recoverability of the above is dependent upon further exploration and exploitation of commercially viable mineral deposits.

NOTE 12: TRADE AND OTHER PAYABLES

CURRENT

Unsecured liabilities

Sundry payables and accrued expenses

	49,153	58,660
	49,153	58,660

NOTE 13: PROVISIONS

Closing balance at 30 June 2007

Analysis of total provisions:

Current

Non-Current

	Annual Leave	Long Service leave	Total provisions
	9,933	-	9,933
		2007	2006
		\$	\$
		9,933	9,001
		-	12,000
		9,933	21,001

10. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007



NOTE 14: ISSUED CAPITAL

a. Ordinary shares fully paid

Balance at beginning of year
Issued shares
Placement fees

2007	\$	2006	\$
20,150,506		18,516,506	
5,254		1,720,000	
-		(86,000)	

Balance at end of year

20,155,760		20,150,506	
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b. Movements in ordinary shares on issue

At the beginning of the financial year
Shares issued

No.	No.
101,105,450	87,305,450
17,512	13,800,000

At end of the financial year

101,122,962	101,105,450
--------------------	--------------------

c. Terms and conditions of 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 2007, there were 2,500,000 options issued (30 June 2006: 9,692,828). The options are exercisable at 30 cents on or before 30th November 2011.

NOTE 15: ACCUMULATED LOSSES

Balance at the beginning of the financial year
Net (profit) attributed to the members of the entity
Balance at end of the financial year

2007	\$	2006	\$
10,257,691		10,414,940	
(59,849)		(157,249)	
10,197,842		10,257,691	

NOTE 16: RESERVES

a. Financial asset revaluation reserve
b. Share based payments reserve

1,194,874		232,595	
103,000		-	
1,297,874		232,595	

The financial asset revaluation reserve records the revaluation gains and losses on available financial assets for sale until the financial asset is disposed of, at which time the cumulative gains or losses recognised in this reserve shall be transferred to the income statement. The share based payments reserve comprises the value of options granted in the year calculated at grant date using a Black-Scholes model. The share based payments expense of \$103,000 was granted to directors, employees and consultants.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 17: SHARE BASED PAYMENTS

All options granted to key management personnel and consultants are ordinary shares in the company, which confer a right of one ordinary share for every option held.

Options granted during the year – 2,500,000 options with an exercise price of \$0.30 each.

The weighted average fair value of the Options granted during the period was \$0.0412.

The price was calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price	\$0.3
Weighted average life of the option	5 years
Underlying share price	\$0.18
Expected share price volatility	20%
Risk free interest rate	8%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of the future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included in employment benefits in the income statement is \$63,860, and relates to equity settled share based payment transactions.

NOTE 18: EXPENDITURE COMMITMENTS

	2007	\$	2006	\$
Lease expenditure commitments				
<i>Non-cancellable operating leases contracted for but not capitalised in the financial statements:</i>				
18a				
Payable				
- not later than 12 months	44,672		42,959	
- between 12 months and 5 years	46,465		91,143	
- greater than 5 years	-		-	
	91,143		134,102	

- a. The above represents the lease on the office premises, being a non-cancellable operating lease, with payments made quarterly in advance. The lease expires within a five-year period and has an option to renew for a further three years. The rental rate review is calculated annually and fixed at 4%. Upon renewal the terms of the leases are renegotiated. At present these terms do not allow subletting.

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.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 19: CASH FLOW INFORMATION

a. Reconciliation of cash flows from operations with profit after income tax

Profit after income tax	59,849	157,249
Non-cash flows in profit:		
- Depreciation	2,457	8,453
- Provision for employee benefits	9,933	21,001
- Net gain on disposal of interest in tenements	-	-
- Share based payment	103,000	-
- Exploration Expenditure written off	714,031	-
- Cumulative revaluation increment realised on disposal of financial assets	-	(303,449)
- Net (gain) loss on disposal of financial assets	-	(285,593)
- Option fees equivalent of 6,250,000 share @ 20cts per share of WCP Resources Ltd as settlement to acquire 70% interest in the Airport/Barrelmaker project in Western Australia	(1,250,000)	-
Changes in assets and liabilities:		
- Decrease/ (Increase) in receivables	2,913	12,912
- Increase/ (Decrease) in payables and accruals	(30,508)	10,108
Cash flows from operations	(388,325)	(379,319)

b. Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the Balance sheet as follows:

- cash and cash equivalents	921,100	1,846,243
	921,100	1,846,243

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 20: FINANCIAL INSTRUMENTS

	Weighted Average Effective Interest Rate		Floating Interest Rate \$		Fixed Interest Rate Maturing						Non-interest Bearing \$		Total \$	
					Within Year		1 to 5 Years		Over 5 Years					
					2007	2006	2007	2006	2007	2006				
<i>Financial Assets:</i>														
Cash	5.00%	5.00%	921,100	1,846,243	-	-	-	-	-	-	-	-	921,100	1,846,243
Receivables- other	-	-	-	-	-	-	-	-	-	-	12,274	17,869	12,274	17,869
Security deposits	6.07%	5.32%	53,106	50,424	-	-	-	-	-	-	12,608	12,608	65,714	63,032
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-	3,516,232	1,206,853	3,516,232	1,206,853
Total Financial Assets			974,206	1,896,667	-	-	-	-	-	-	3,541,114	1,237,330	4,515,320	3,133,997
<i>Financial Liabilities:</i>														
Sundry payables and accruals	-	-	-	-	-	-	-	-	-	-	49,153	58,660	49,153	58,660
Total Financial Liabilities			-	-	-	-	-	-	-	-	49,153	58,660	49,153	58,660

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 impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables 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 all other assets and other liabilities the net fair value approximates their carrying value.

10. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007



NOTE 21: 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.

The company was granted change of corporate status by the Australian Securities and Investment Commission. The status changed from No Liability to Limited..

NOTE 22: SEGMENT INFORMATION

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

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

On the 14 September 2007, WCP Resources Limited exercised the first option to acquire a 70% interest in the Whistler and Airport Central gold projects. WCP issued 1,958,251 shares at an average price of 25.5 cents per share. The exercise price was \$500,000.

11. DIRECTORS' DECLARATION



The directors of the company declare that:

a. the financial statements and notes of the company are in accordance with the Corporations Act 2001; and

(i) give a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and

(ii) comply with Accounting Standards and the Corporations Regulations 2001;

b. the directors have been given the declarations required by s.295A of the Corporations Act 2001, and

c. 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.

Brian Gomez
Director

Dated this 28th day of September 2007
Sydney

12. INDEPENDENT AUDIT REPORT

INDEPENDENT AUDIT REPORT TO THE MEMEBERS OF GATEWAY MINING LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, balance sheet, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for **Gateway Mining Limited** (the company), for the year ended 30 June 2007.

As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" on page 3 of the directors' report and not in the financial report.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Accounting Standard 101: Presentation of Financial Statements, that compliance with Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

The directors also are responsible for preparation and presentation of the remuneration disclosures contained in the directors' report in accordance with the *Corporations Regulations 2001*.

Audit Approach

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures in the directors' report comply with Accounting Standard AASB 124. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

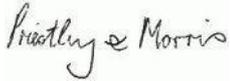
Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

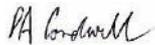
Audit Opinion

In our opinion:

1. the financial report of **Gateway Mining Limited** is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards in Australia (including Australian Accounting Interpretations) and Corporations Regulations 2001;
2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1; and.
3. the remuneration disclosures that are contained on page 3 of the directors' report comply with Accounting Standard AASB 124.



Priestley & Morris
Chartered Accountants



P A Cordwell
Partner

Dated this 28th day of September 2007

Priestley & Morris - ABN: 51 502 720 047

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approved under
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Standards
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13. SHAREHOLDER INFORMATION



a. Voting Rights

The total number of shareholders was 1,447 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	254
1,001 - 5,000	376
5,001 - 10,000	212
10,001 - 100,000	488
100,001 - and over	117
Total	1,447

c. Number of shareholdings held in less than marketable parcels is 585.

d. Names of the substantial shareholders are:

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
Citigold Corporation Limited	16,300,000	16.12

e. 20 largest Shareholders - Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
1	Citigold Corporation Limited	16,300,000	16.12
2	UOB Bank Limited	5,000,000	4.95
3	Belfort Investment Advisors Limited	3,990,600	3.95
4	Farrington Corporate Services Super Fund	3,799,953	3.76
5	LSK Consulting	2,862,413	2.83
6	CIMB GK Securities Pty Ltd	2,800,000	2.77
7	Belfort Investment Advisors Limited	2,684,974	2.66
8	Stafford Hill Group Ltd	2,497,754	2.47
9	Bikini Atoll Investments Pty Ltd	2,434,500	2.41
10	Ee Yuen Tan	2,000,000	1.98
11	International Portofolio	1,600,000	1.58
12	Farrington Corporate Services Pty Ltd	1,145,543	1.13
13	Mayfair Far East Ltd	1,047,500	1.04
14	Tan Geok Tang	1,000,000	0.99
15	Bikini Atoll Investments Pty Ltd	964,954	0.95
16	Iprosperity Investment Pty Ltd	956,000	0.95
17	Jaiara Pty Ltd	918,500	0.91
18	Farrington Corporate Services Pty Ltd	910,557	0.90
19	Reynolds Nominees Pty Ltd	888,000	0.88
20	Nyook Fong Chin	850,000	0.83
	TOTAL	54,702,248	54.06

14. CORPORATE GOVERNANCE STATEMENT



The Board of Directors of Gateway Mining Limited 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.

14. CORPORATE GOVERNANCE STATEMENT



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 now formulated its remuneration policies as set out in the Remuneration Report.



Gateway Mining Limited

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