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30 April 2014

## Quarterly Activities Report

### Highlights:

- **RC & Diamond drill program completed with results further confirmation of significant mineralised systems**
- **Down-hole and fixed loop EM surveying identifies new targets**
- **Leach testing from The Cup shows excellent recovery of copper**
- **Strong balance of approximately \$2million available for future expenditure**
- **Drill programs to commence soon**

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### RC and Diamond drill programs completed

During the quarter, Gateway Mining Ltd ('Gateway' or 'the Company') completed a Reverse Circulation (RC) program for approximately 1,800m and a diamond hole for 664m.

RC drilling at the Apex target intersected Nickel and Platinum Group Element (PGE) anomalism beneath a very impressive gossan at surface. The Apex target is prospective for Ni-Cu-PGE intrusive related mineralisation. This is evident from surface geochemistry, geology and an historic line of shallow aircore drilling (which had never been followed up). Historic aircore results showed strong geochemical Ni and PGE anomalism, including 12.2m @ 0.71% Ni from 9m to end of hole. The surface gossan returned 2,640ppm Ni and 1,210ppm Cu. Importantly for this style of mineralisation, ultramafic lithology is also present.

GRC289 intersected of 35m @ 0.15% Ni, 0.03 g/t Pt and 0.10 g/t Pd from 0 to 35m. GRC290 intersected 5m @ 0.13% Ni, 0.03g/t Pt and 0.09 g/t Pd from surface. This is a typical level of anomalism intersected proximal to much more strongly mineralised massive sulphide bodies.

Follow up Down Hole Electromagnetic (DHTEM) surveying of GRC289 and GRC290 was carried out, and it successfully identified a strong off-end source of conductivity located a further 30m to 70m below the current level drilling. The strong geochemical anomalism above this conductor bodes very well for exploration efforts in the area.

This target will be followed in the next drill program.

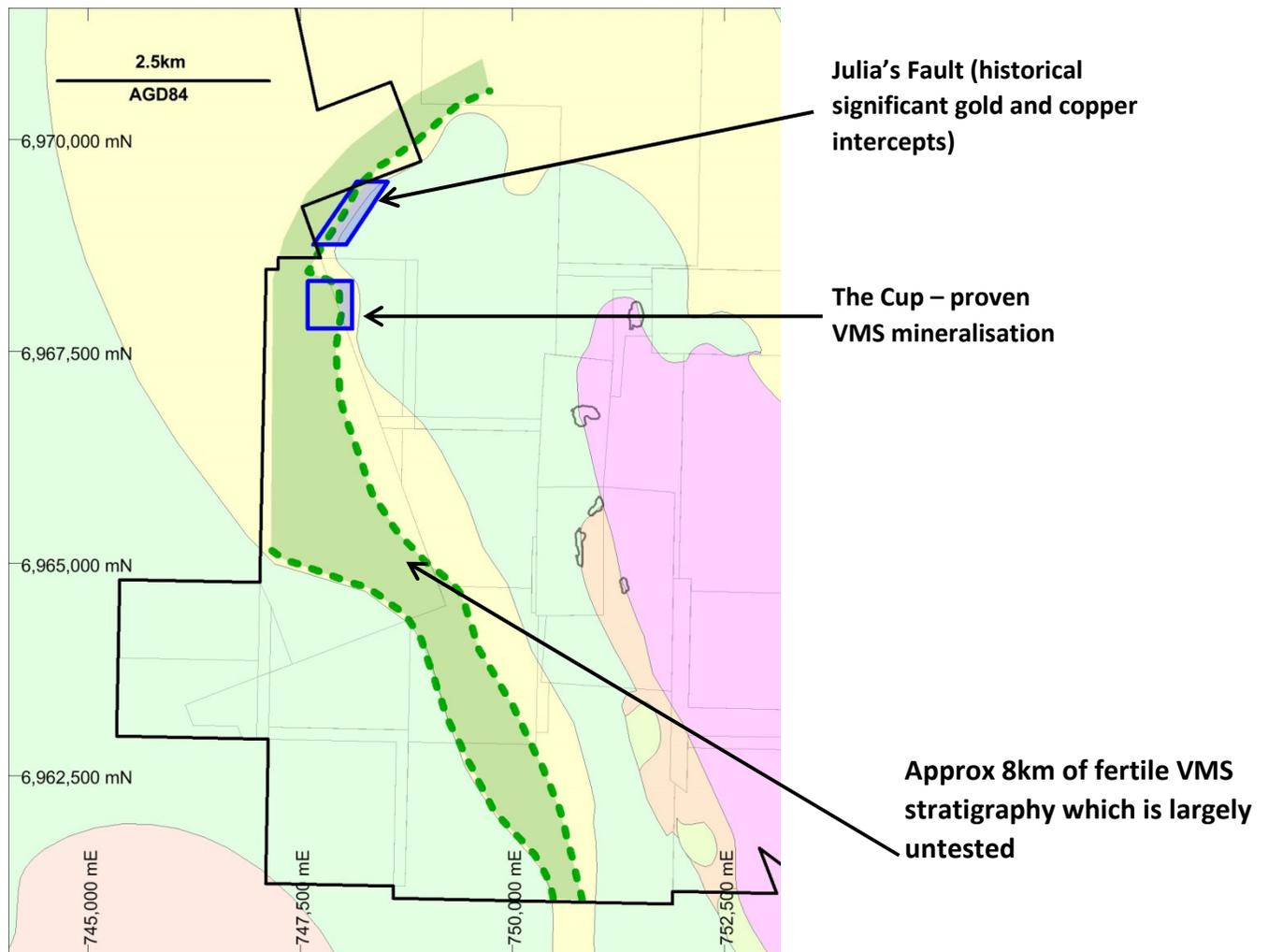


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Drilling at The Cup also intersected a very interesting 70m @ .21% Cu and 3.06g/t Ag from 75m on the eastern edge of the interpreted VMS trend. Also intersected was strong VMS trace element geochemistry. The fact that extensional drilling at The Cup continues to intersect VMS mineralisation bodes extremely well for the prospectivity of the trend.

Modelling of these zones is steadily improving and expanding outwards as further work is carried out at The Cup. What results to date demonstrate is that this is a very significant and extensive VMS system with some 12km of prospective strike. Modelling suggests the VMS exhalative horizon is much flatter lying than previously thought to the west, which means that there is significantly more area of VMS prospective stratigraphy located at relatively shallow depth that remains as yet untested. Further the diamond drill hole completed during this program confirms that much of the VMS related mineralisation related to The Cup structure lies near the surface.

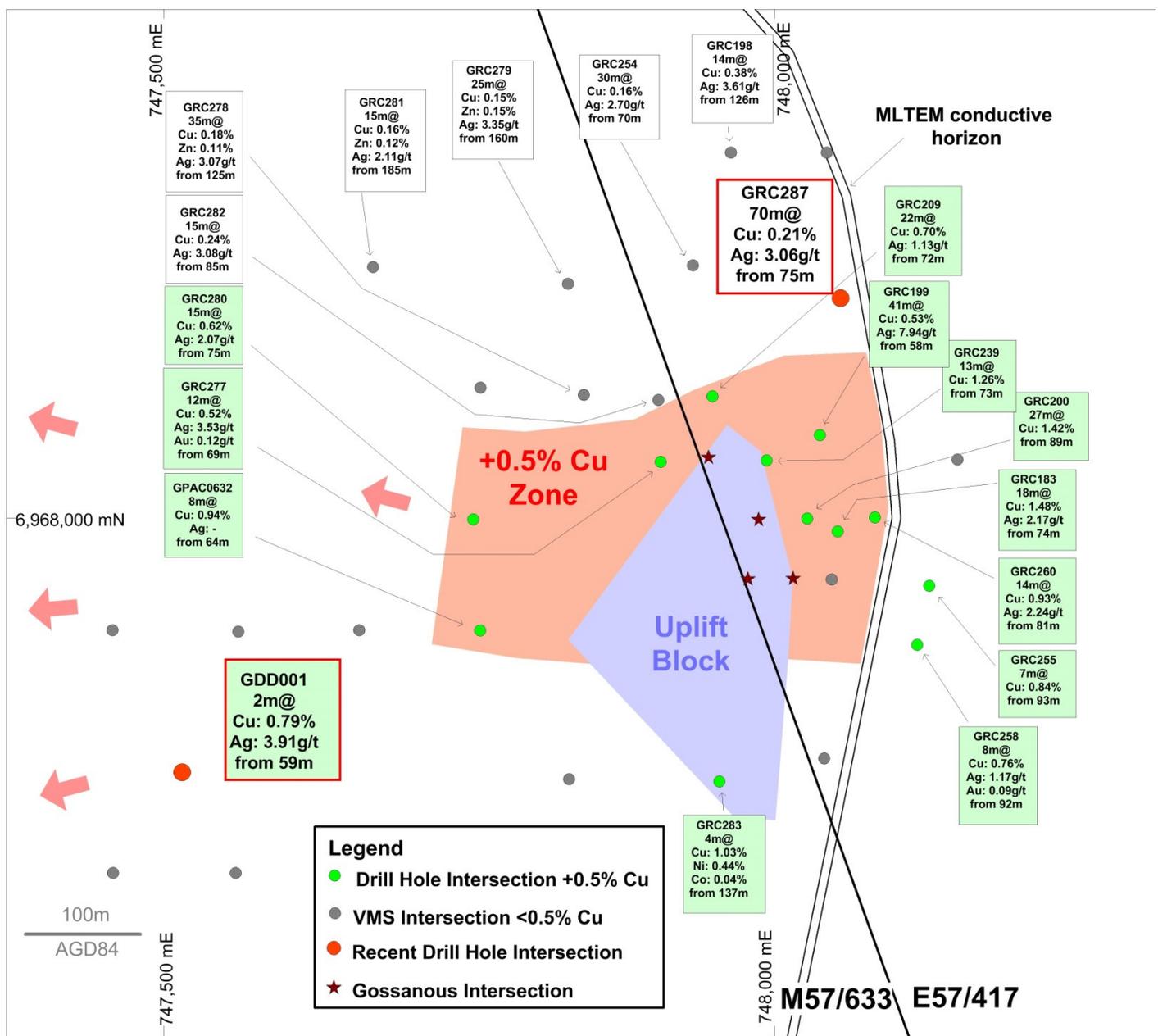


*Extensive VMS stratigraphy which hosts The Cup mineralisation*



The Company's efforts for this VMS trend are focused on locating zones within the stratigraphy that are of higher grade. This is the most ideal terrain to be exploring for VMS copper deposits i.e. within the terrain that already contains proven VMS mineralisation as VMS deposits usually occur in 'clusters'.

Additionally at The Cup, the Company has a greater understanding of some of the faulting which has occurred (demonstrated below by the 'uplift block'). Part of the mineralisation has been displaced upward in this zone. Potentially the Ni-Cu-PGE mineralisation previously intersected in GRC283 is related to the block.

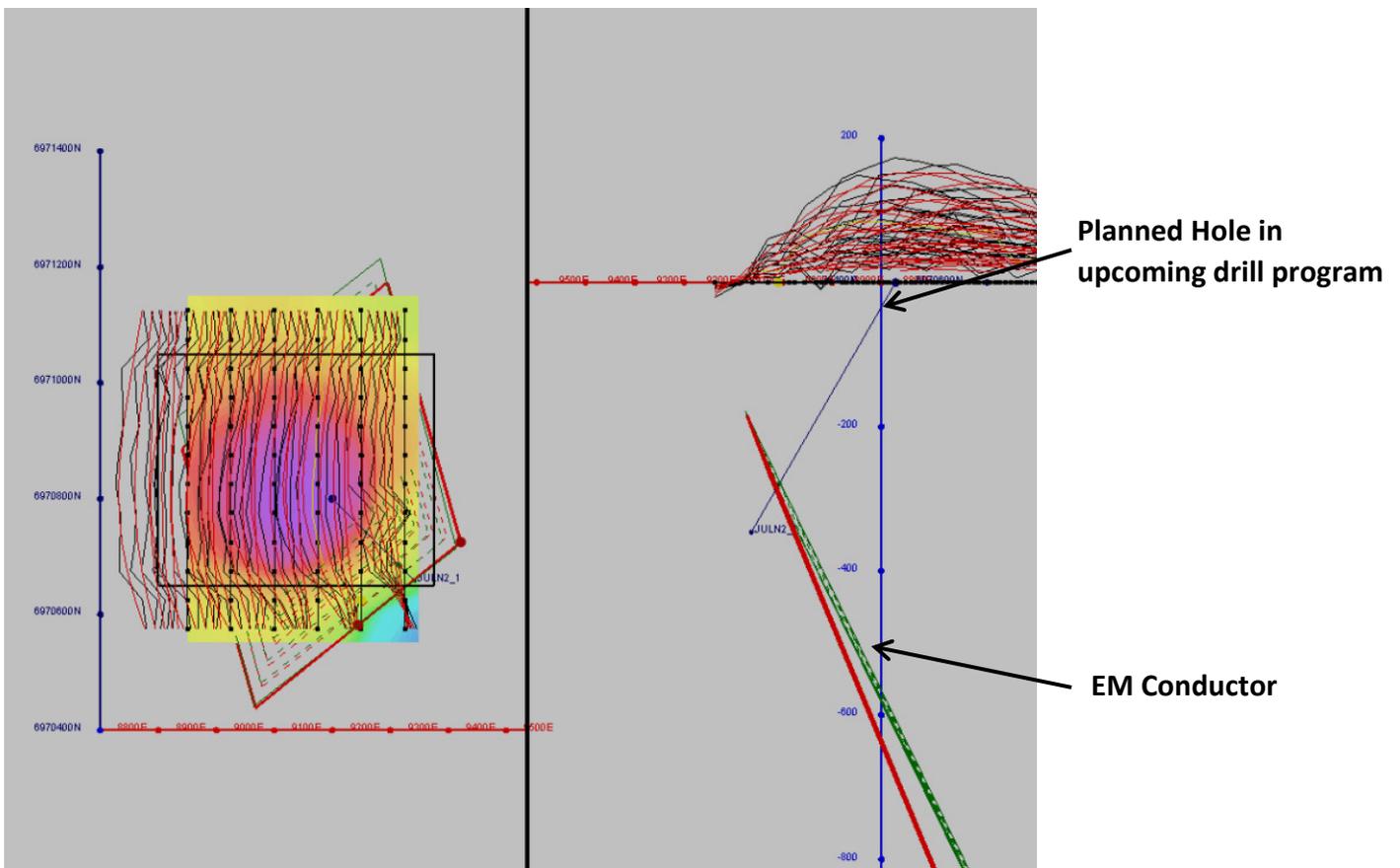


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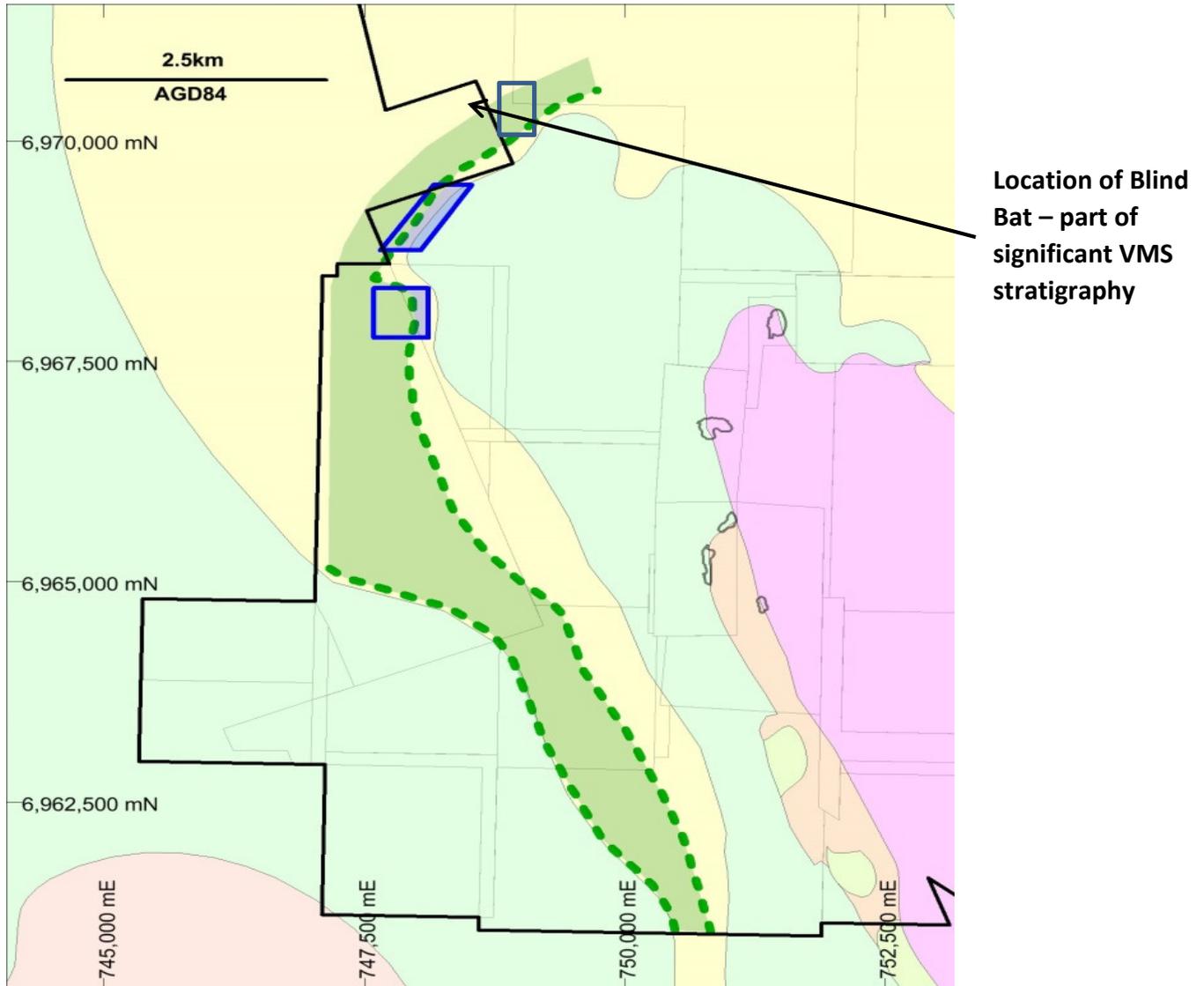
Fixed loop electromagnetic surveying also identified a new conductor within the VMS stratigraphy of which The Cup is a part of. This conductor has dimensions of approximately 450m in length and extends downwards to an estimated 750m. The top of the conductor is approximately 200m from surface, with a steep NW plunge. It is at a level of conductance which is typical of a VMS base metal mineralisation. This new target is called Blind Bat.

Locating a target like Blind Bat is significant because it falls within the already-defined VMS stratigraphy. The Company's belief is that within this trend, there exists excellent potential for a significant VMS deposit. Based on this belief, the Company is continuing to identify new drill targets – through both geochemical and geophysical work – which warrant drill testing. Given the proximity of Blind Bat to the VMS mineralisation at The Cup (it is approximately 4km north east) and the strength of the EM conductor, it has the potential to form a very significant body.



*FLTEM Model of Blind Bat*

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The drilling program also included a 664m diamond hole, details of which were released to the market yesterday after a very long delay caused by staff shortages at the laboratory. The main aim of the hole was to test a strong interpreted fixed loop electro-magnetic (FLTEM) conductor at around 550m below surface. The hole was also designed to further test The Cup stratigraphic position as well as gain some geological insight into the footwall sequence underlying the main Cup mineralisation.

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The hole intersected a highly altered, structural/hydraulic breccia zone, with abundant matrix sulphide, dominantly pyrite, at 544m. The intersection does not account for a conductor of ~10,000S, meaning that the strong conductor identified in the previous FLTEM survey remains unexplained.

The structural breccia zone at 544m appears to be located at the contact of, a pyroclastic/volcaniclastic sequence with a basaltic to andesitic flow sequence. Further strongly structurally/hydraulically brecciated zones were intersected between 640m and 664m (EOH). The hole ended in a structurally brecciated part of the flow sequence.

The diamond hole has demonstrated the existence of a feeder plumbing system that is no doubt driven by an underlying sub-volcanic intrusion. Exploration to date has unequivocally demonstrated that the plumbing system is base metal, precious metal and trace element fertile.

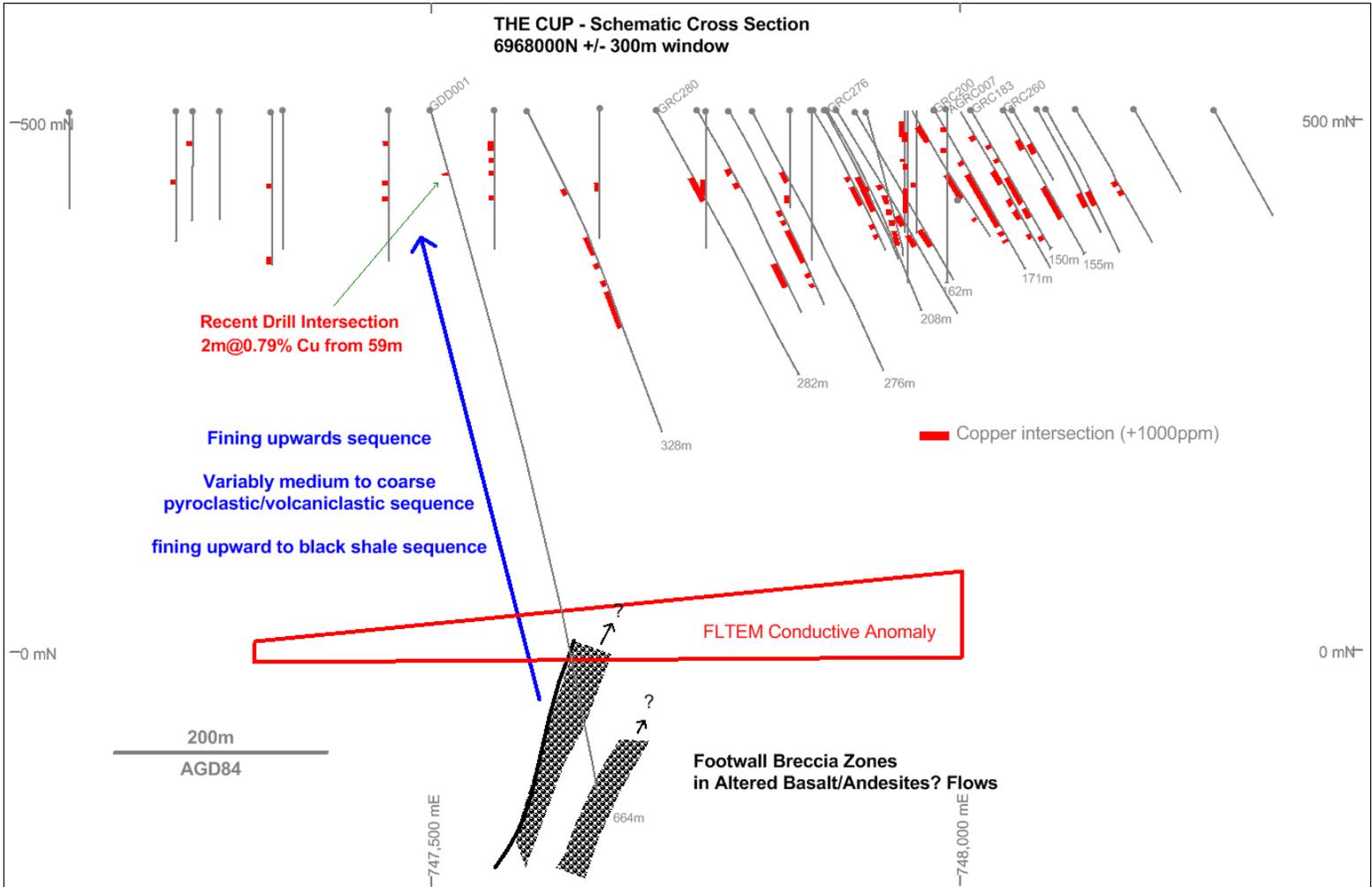
An intersection of 5m @ 1.18g/t Au from 45m and 2m @ 0.79% Cu from 59m was intersected in the upper part of the hole. These intersections were above a wide zone of highly anomalous zinc, 85m @ 0.1% Zn from 95m, which appears to correlate to the main, shallow west dipping and potentially parasitically folded The Cup mineralised horizon within the finer grained part of the overall sequence.

Only minor base metal/precious metal anomalism was recorded in the lower part of the hole, the majority of which was intersected in the altered footwall sequence. While only containing anomalous levels of base and precious metals, this footwall flow sequence is characterised by abundant alteration/bleaching, which is visually consistent with silica-carbonate-albite(?) sulphide type alteration. This is typical of large VMS systems. Petrological samples have been submitted to further qualify the visually interpreted lithology and alteration types.

Preliminary interpretation of the entire sequence traversed by the diamond hole generally shows a highly altered, brecciated, footwall flow sequence overlain by a sequence of variably coarse, intermediate, pyroclastics/volcaniclastics/hyaloclastites that, are in turn overlain by a black shale/siltstone sequence. Pyrite and pyrrhotite stringer zones and disseminations occur throughout the entire stratigraphic sequence. This is an ideal geological setting for the formation of significant sized VMS deposits

Down-hole EM was attempted on the hole to validate the fixed loop conductor position, however the in-hole casing parted at shallow depth resulting in the abandonment of the survey. It still remains uncertain whether the breccia zone at 550m, the cumulative effect of the footwall sequence stringer pyrite/pyrrhotite, or an off-hole and as yet untested sulphide body are the source of the fixed loop anomaly.

Preliminary interpretation of the stratigraphic sequence is highly suggestive of exactly the right cycle of volcanism and sedimentation necessary for the formation of significant size VMS type deposits.



Coarse pyroclastic rocks, as shown in the picture below, are known to often form the footwall sequence to VMS deposits and potentially mark a hiatus in the volcanic cycle preceding a period of quiescence. This period of quiescence marked by the appearance of fine grained sediments such as shales and siltstones is a period favourable to the formation of VMS deposits.

VMS deposits typically form within rifted extensional settings within regionally compressive island and continental arc environments. The stratigraphic sequence intersected by the diamond hole would appear to be consistent with typical infill sequences found in extensional, graben like basins, potentially propagated by sub-volcanic intrusions.

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394m. Coarse pyroclastic/volcaniclastic showing disseminated euhedral pyrite.



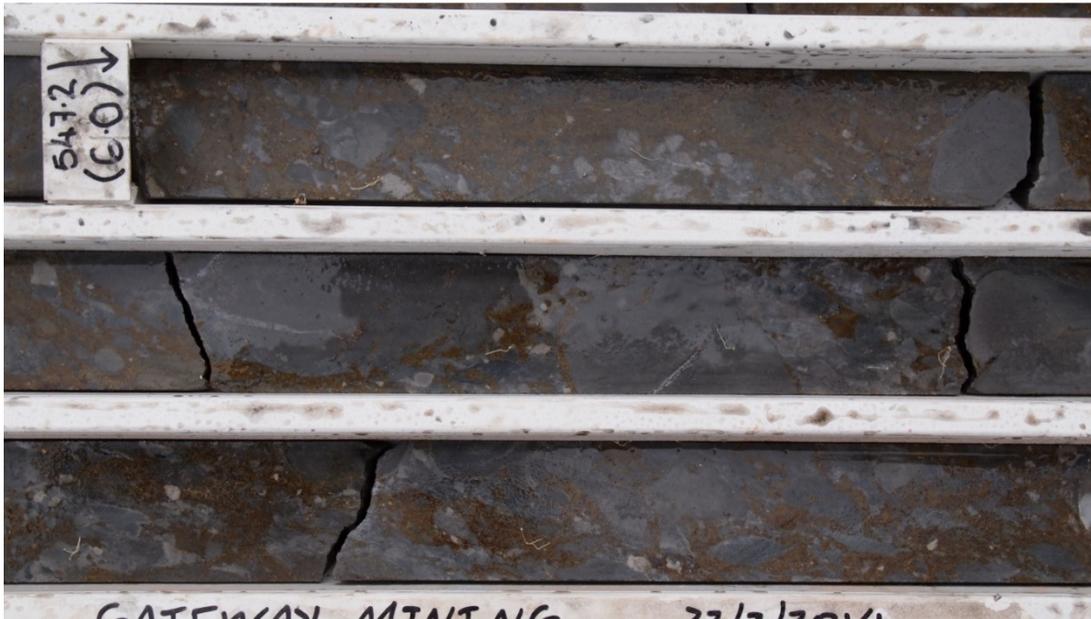
338m. Possible structural brecciation overprinting the depositional breccia textured

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The drill density along, across and down dip within the Gidgee Project VMS corridors delineated to date, is so low in terms of VMS mineralisation exploration that significant size/grade deposits can even be hidden between existing drill holes, let alone the entire project tenure.

All data to date points to a large, long lived, internally zoned VMS system at The Cup, in which, all of the lithologies intersected in the diamond hole have the potential to host a world class ore deposit, whether it be in the shales, in the pyroclastics or in the underlying fractured volcanics.



548m. Hydrothermally/structurally brecciated, altered and strongly sulphidised footwall



658m. Hydrothermally/structurally brecciated, less altered, weakly sulphidised footwall

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There appears to be as yet unresolved structural complications within the sequence which may be fault or fold related which can result in easily missing an ore deposit if not fully understood.

Overall, the diamond hole has provided further confirmation of a very large mineralised system at and around The Cup. The intersection of VMS, feeder like, breccia/fault zones and VMS like footwall alteration is highly encouraging from a VMS model perspective and for future exploration.

### **Very strong results from leach testing at The Cup**

During the Quarter the Company also submitted a broad selection of copper samples from The Cup area for leach testing. These intersections are all relatively near the surface, and the results received have the potential to drastically improve the economics of any operation at The Cup. The results are presented in the table below, and show that approximately 97% of copper was recoverable through leaching.

<b>Hole</b>	<b>Sample</b>	<b>From</b>	<b>To</b>	<b>Assay Head (Cu)</b>	<b>Leached Cu recovery</b>
GRC209	K034	77	78	1.47%	99.0%
GRC209	K048	91	92	0.92%	98.7%
GRC239	SDJ0583	75	76	2.62%	99.4%
GRC239	SDJ0592	84	85	0.57%	97.2%
GRC277	SDJ1858	78	79	1.11%	98.8%
GRC260	SDJ1221	81	82	0.79%	96.8%
GRC260	SDJ1225	85	86	2.01%	98.8%
GRC280	SDC2665	85	90	0.59%	97.2%
GRC255	SDJ1086	95	96	1.19%	99.4%
GRC258	SDJ1164	96	97	0.88%	99.4%
GRC283	SDJ2694	137	138	2.62%	94.6%
GRC283	SDJ2697	140	141	0.55%	74.7%*
GRC281	SDC2732	135	140	0.26%	93.4%
				<b>Average</b>	<b>97.2%</b>

\*This intersection is part of a different style of mineralisation (Ni-Cu-PGE) intersected near The Cup and is not part of the VMS system to which the other results relate.

In what is a potentially more interesting development, the level of recovery reported above coupled with visual inspection of historic drill chips suggests the primary copper mineral at The Cup is 'sooty' chalcocite.

Sooty chalcocite is often underreported in terms of grade when samples are recovered using RC drilling. This is because sample recovery of the 'sooty' chalcocite is poor – in dry drilling conditions, the fine, 'powdery' nature of the mineral escapes during pulverisation of the RC drilling; in wet drilling conditions, the sooty chalcocite can be easily washed away.

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The Company is planning a diamond program to twin previous holes to test this interpretation of the mineralisation.

### **Future drilling**

Drilling is expected to commence during May, and the Company is currently finalizing arrangements with contractors. A number of Programmes of Work (POWs) have been lodged, allowing for flexibility in the field should visual results warrant quick follow up. The Company will provide further details of the program soon.

### **Strong balance sheet**

Gateway continues to maintain a strong balance sheet, with approximately \$1.9 million in cash, debt securities, term deposits and listed securities available for future exploration programs and working capital.

### **About Gateway Mining Limited**

Gateway holds approximately 150sqkm of tenements over the Gum Creek Greenstone Belt in the Yilgarn Craton, Gidgee WA (600km NE of Perth). The tenements have significant potential for Ni-Cu-PGE related mineralisation, all the hallmarks of a significant new VMS province, along with existing gold mineralisation throughout the project. The Company is well funded and plans to focus exploration efforts on The Cup area for the immediate future. Gateway also has in place an experienced management and technical team.

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Scott Jarvis, a full time employee & Head Geologist at Gateway Mining, a member of the Australian Institute of Geoscientists. Mr Scott Jarvis has a minimum of 5 years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Scott Jarvis consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Gateway Mining Limited

ABN

31 008 402 391

Quarter ended ("current quarter")

31 March 2014

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 12 months \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
Payments for (a) exploration & evaluation	(306)	(1,200)
1.2 (b) development	-	-
(c) production	-	-
(d) administration	(134)	(382)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(120)
<b>Net Operating Cash Flows</b>	<b>(426)</b>	<b>(1,644)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	706
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(305)
1.11 Loans repaid by other entities	227	227
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>227</b>	<b>628</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(199)</b>	<b>(1,016)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	<b>(199)</b>	<b>(1,016)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	<b>(199)</b>	<b>(1,016)</b>
1.20	Cash at beginning of quarter/year to date	1,427	2,244
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,228</b>	<b>1,228</b>

**Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director & consultancy fees
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**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil
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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil
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+ See chapter 19 for defined terms.

## Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	320
4.2 Development	-
4.3 Production	-
4.4 Administration	130
<b>Total</b>	<b>450</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	102	487
5.2	Deposits at call	1,126	940
5.3	Bank overdraft	-	-
5.4	Other (cash on deposit held by non-bank financial institution)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>1,228</b>	<b>1,427</b>

+ See chapter 19 for defined terms.

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b>	263,622,962	263,622,962		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>	7,000,000 28,800,000 200,000,000		<i>Exercise price</i> 3.8 cents 2 cents 8 cents	<i>Expiry date</i> 15 Apr 2014 15 Nov 2014 6 Dec 2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		
7.12 <b>Unsecured notes</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does ~~/does not\*~~ (*delete one*) give a true and fair view of the matters disclosed.

(signature held on file)

Sign here: ..... Date: 30 April 2014

(Company secretary)

Print name: Gary Franklin

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.