

Quarterly Activities Report

For the period ended 31th December 2011

HIGHLIGHTS

- Ongoing work confirms the VMS prospectivity of a number of prospects at the Gidgee Project in Western Australia
- Targets are defined by coincident geological, geophysical and geochemical VMS-style signatures
- An EM programme is planned to be carried out in the March 2012 quarter to test for extension to known EM anomalies
- Programmes of work for drilling at Gidgee approved by the Department of Mines and Petroleum

OVERVIEW OF EXPLORATION PROJECTS

WESTERN AUSTRALIA

GIDGEE PROJECT

Ongoing interpretation has reinforced the prospectivity of a number of tenements to host VMS mineralisation, with the known mineralisation at “The Cup” probably representing a zoned VMS lens.

Of particular interest are the under-explored tenements that include the Gravel Pit and Gossans Galore prospects, which have returned very promising results to date. These prospects exhibit geological, geophysical and geochemical signatures that can be considered indicative of VMS-mineralised systems.

Reconnaissance is ongoing over the Bungarra tenements, which were recently acquired by Gateway from Legend Mining. The results are currently being interpreted; however preliminary thoughts indicate that this area too is prospective for VMS mineralisation; however the prospective stratigraphy has been disrupted due to the intrusion of the Bungarra Intrusive Complex.

EM surveying to date has identified numerous conductors, a number of which are still open. Preparations are under way to undertake further EM surveying which will infill and look for extensions of the known conductors, including those at Gossans Galore, Gravel Pit and the Birthday Trend. It is expected that this survey will commence in the March 2012 quarter.

Programmes of work for planned aircore and reverse circulation drilling programmes over Gateway and joint venture tenements were approved by the Department of

Mines and Petroleum. Approved drilling includes 2,975m of RC and 6,780m of aircore.

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

Gateway 100%, (Avenue earning 80%)

Gravel Pit, E57/807

Gateway 100%,

These under-explored tenements represent a prime VMS target area, with pointers to mineralisation including geochemical, geophysical and geological anomalism. As reported last quarter lithogeochemical work has reinforced the prospectivity, returning alteration styles and lithologies typical of those associated with VMS mineralisation.

At Gossans Galore, this work pointed towards zoned alteration, ranging from distal albite to sericite/chlorite proximal to the EM anomalies and known gossans. In addition the work indicates that the dominant lithologies are basalts, with subordinate intermediate volcanics. Alteration at Gravel Pit includes sericite and chlorite/sericite.

The upcoming EM programme is planned to test for extensions to a number of the known EM anomalies in this area, which still have not been closed off.

The Programmes of Work approved by the Department of Mines and Petroleum includes both aircore and RC drilling to further test these exciting targets.

The Cup E57/417/Julia's Fault M57/429

Gateway 100%, (Avenue earning 80%)/Gateway 75% - Red 5 25%

Lithogeochemical analysis of The Cup and Julia's Fault shows sericite/chlorite and strong sericite alteration, with this alteration also occurring along the trend between the prospects and to the south of The Cup. In addition the results of the lithology analysis indicate a possible transition from basalts in the east to overlying intermediate volcanics to the west, with mineralisation occurring near the contact between the units.

RC drilling has been planned to further delineate mineralisation at The Cup, with both RC and aircore drilling planned for Julia's Fault and nearby areas.

Birthday Trend P57/1151, P57/1155/E57/795

Gateway 100%, (Avenue earning 80%)/Gateway 75% - Red 5 25%

This trend (Figure 2) has been traced thus far for approximately 5km, and appears to be open to the north and south. The trend is marked by sporadic gossan outcrops and EM conductors, and in part forms a faulted eastern boundary to the Montague Granodiorite.

At the Birthday Gossan, work to date has identified approximately 140m of strike of gossan, with up to rock chip sample SEP036 returning 1,070ppm Zn and 789ppm Cu.

EM surveying is planned to further delineate drill targets in this zone. The approved Programme of Work includes some aircore drilling over the Birthday Trend.

Bungarra E57/706, E57/709

Gateway 100%

As reported last quarter follow up reconnaissance work was carried out on the Bungarra leases. This included further follow up along the Bigfinger trend, for which initial results were reported last quarter (Figure 3).

The interpreted zinc corridor strikes NNW for approximately 2km, and is defined by surface geochemistry and EM responses. Rock chips collected during the current quarter returned up to 4930ppm Zn and 901 ppm Cu (sample SEP096).

Aircore drilling is planned to test the zinc corridor.

NEW SOUTH WALES

COWRA PROJECT : EL 5514 & 6102

Gateway Mining 100%

As reported last quarter Minotaur Operations P/L withdrew from the Cowra Joint Venture.

As part of the termination Minotaur offered Gateway its 51% interest in EL5514 and EL6102, an offer which Gateway accepted.

Gateway is seeking joint venture partners for the Cowra Project.

QUEENSLAND

SURPRISE PROJECT : EPM 9053, 13677

Gateway 100%

No work has been carried out on the Surprise Project during the quarter.

HODGKINSON BASIN :EPM9934, 10026

Territory Minerals Pty Ltd, Gateway 6% free carried interest

During the quarter Republic Gold sold its North Queensland assets to Territory Minerals Pty Ltd.

CORPORATE

The Company raised \$368,000 (before costs) through the issue of 16,000,000 shares at 2.3c per share. Each share has 1.8 attaching options, exercisable at 2c on or before 15 November 2014.

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

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. M.J.Gordon, a consultant to Gateway Mining, a Member of the Australasian Institute of Mining and Metallurgy (CPGeo) and Australian Institute of Geoscientists. Mr.M.J.Gordon has a minimum of 5 years experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. M.J.Gordon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

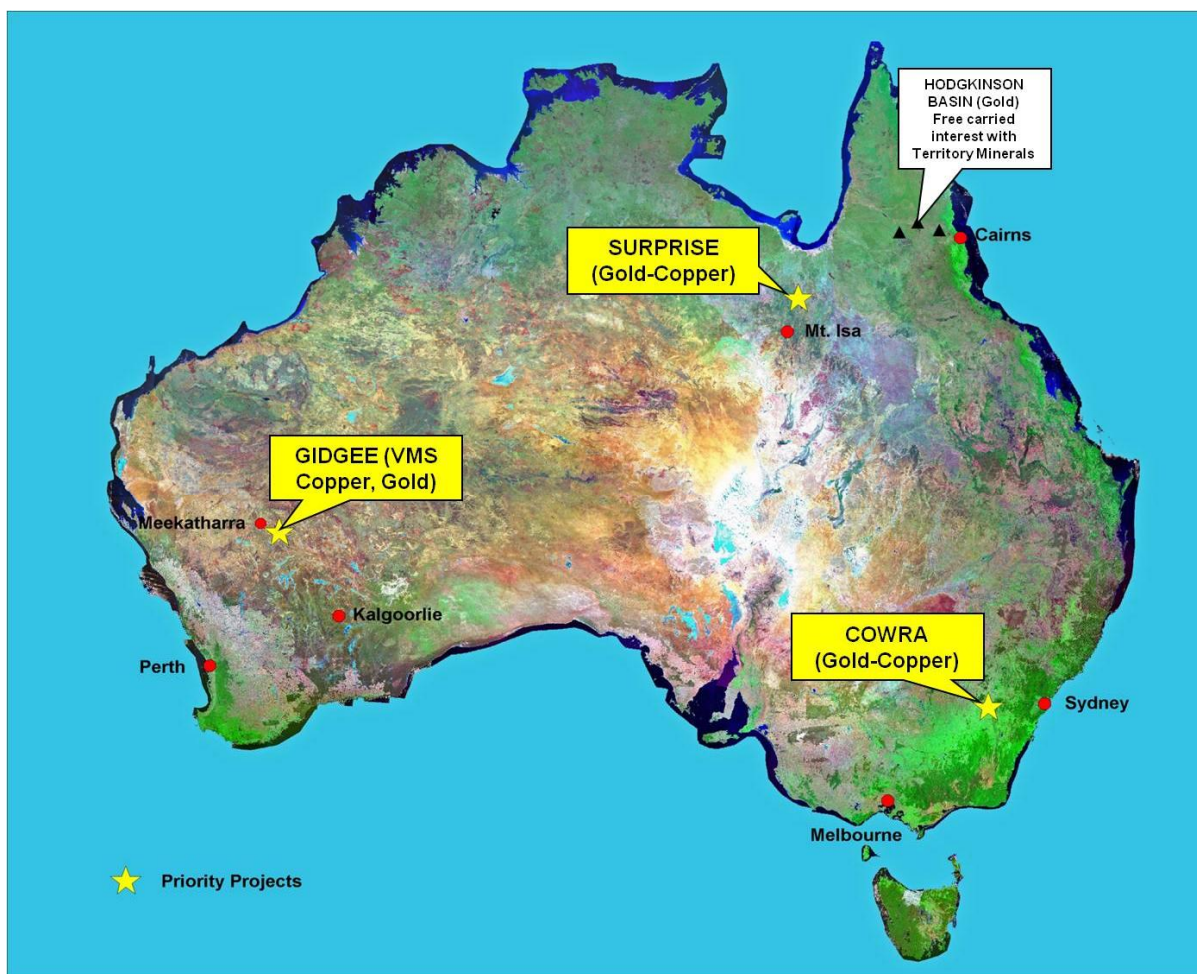


Figure 1. Gateway Mining Limited Project Locations

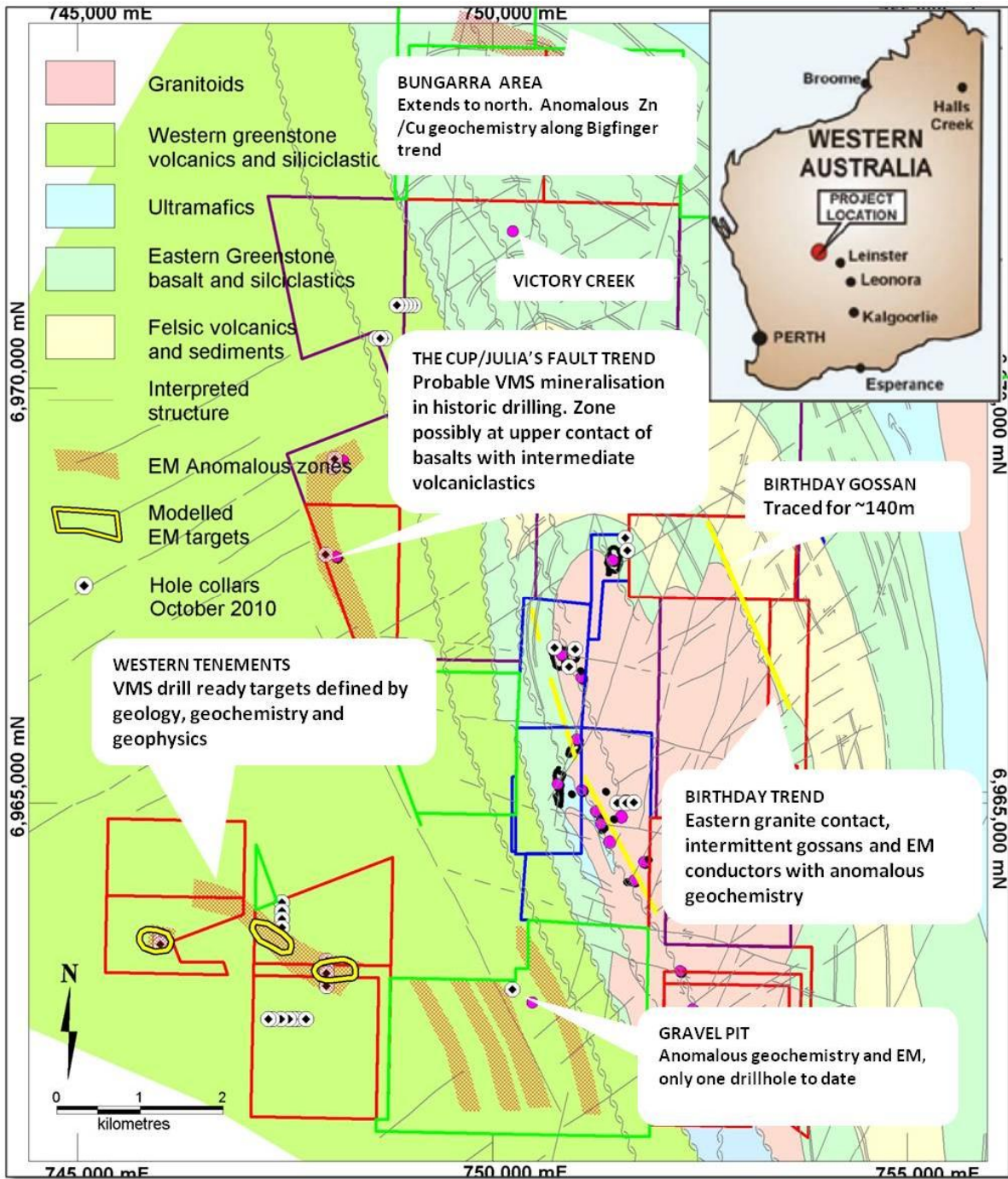


Figure 2. Gidgee Project, showing tenements, prospects (pink dots) and results summary. Tenements outlined in red and blue are in the Avenue JV's

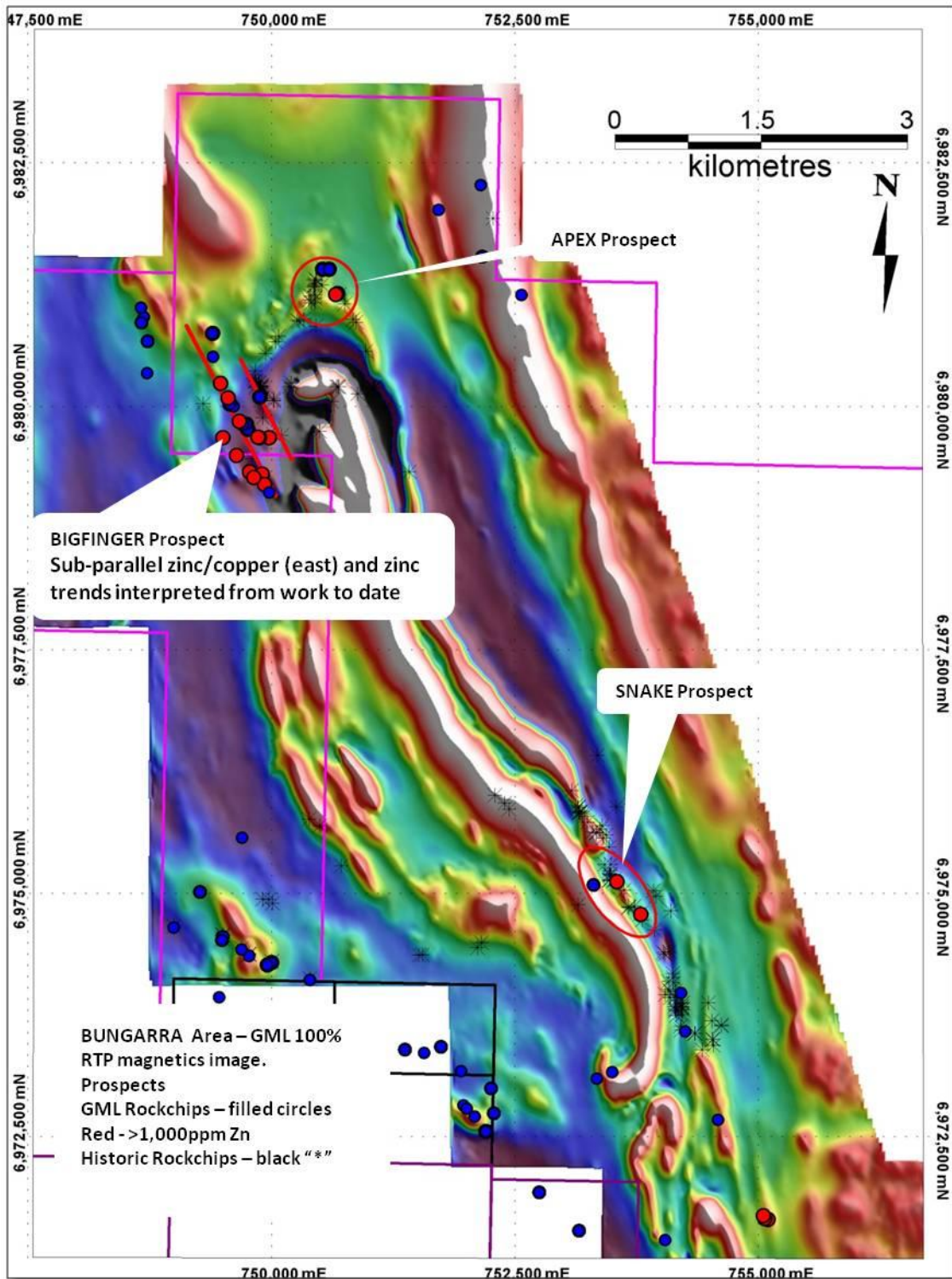


Figure 3. Bungarra area, Gidgee Project, on magnetic image, showing main prospects and sampling to date