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DECEMBER 2012 QUARTERLY ACTIVITIES & CASH FLOW REPORT

Highlights:

- **Results returned from RC drilling – confirmed massive sulphide accumulations and anomalous Cu, Zn, Au, Ag and typical VMS trace elements**
- **New drilling program to commence in February / March**
- **Extensive data review completed with drilling programs designed for the remainder of 2013**
- **New Board and Management in place**

Results returned from Gidgee RC drilling

Gateway completed a 1335m RC drilling program in the September 2012 quarter on its flagship Gidgee project in Western Australia. The program was primarily designed to meet minimum expenditure requirements across the Company's tenements, while also testing exploration targets where possible (the program was designed prior to the capital raising last year thus preventing more thorough and deeper exploration).

The Company received encouraging results, intersecting semi-massive to massive sulphide accumulations and gossanous material. These accumulations account for the previously identified electromagnetic conductors, and importantly provide further evidence that the Gidgee project represents an ideal environment to host significant VMS deposits.

Sulphide accumulations of an impressive 31m down hole width (to EOH) were found to account for the MLTEM anomalism. Anomalous Cu, Zn, Au, Ag and typical VMS trace elements were also returned from assay results.

Figure 1: Drill Collars, Sept 2012 Drill Campaign

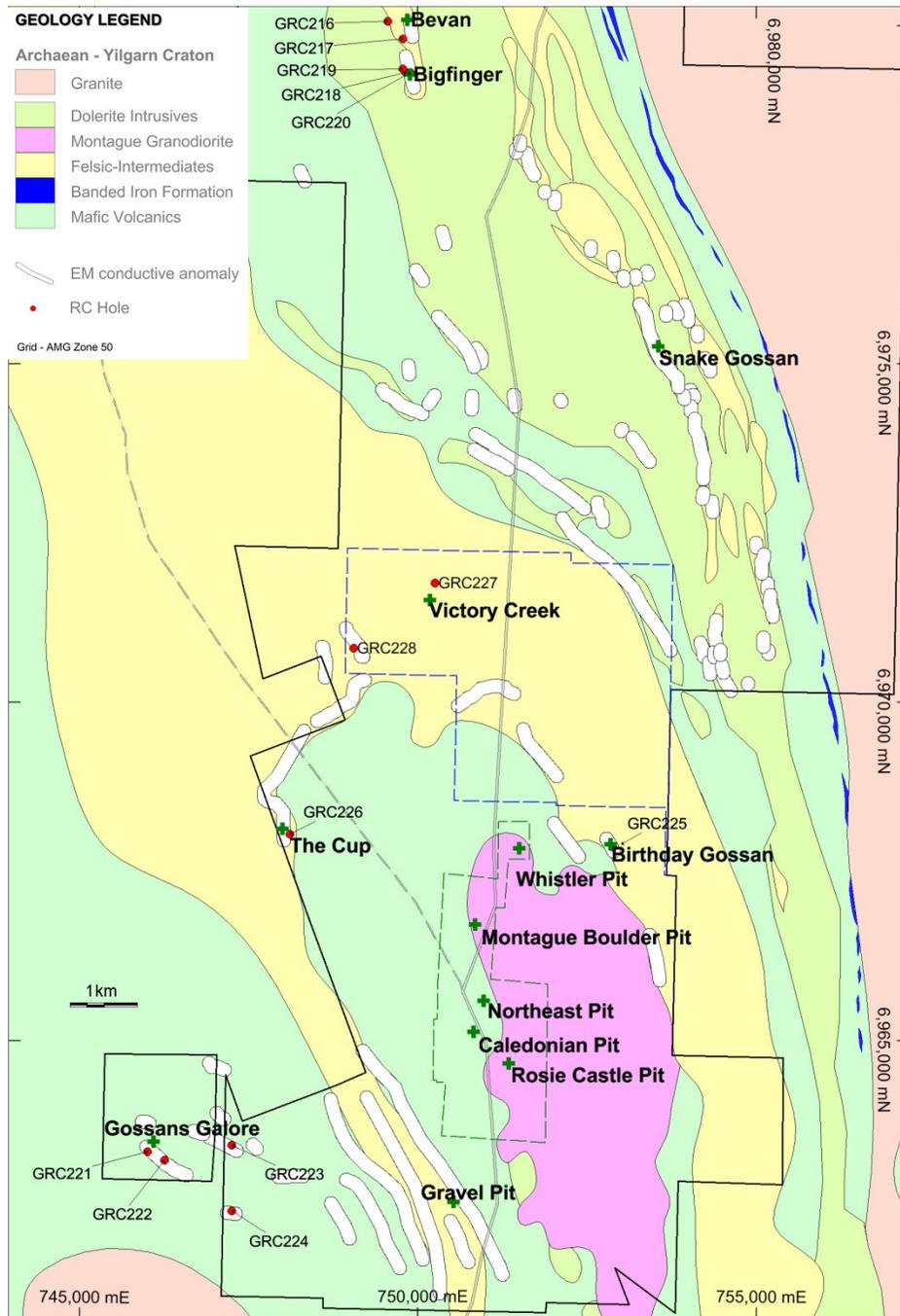


Table 1: Drill Collars, Sept 2012 Drill Campaign

Hole	North AGD84	East AGD84	Depth	Dip	Azimuth True	Type	Prospect	Licence
GRC216	6980066	749555	60	-60	360	RC	Bigfinger	E57/706
GRC217	6979807	749772	100	-60	315	RC	Bigfinger	E57/706
GRC218	6979305	749820	60	-60	180	RC	Bigfinger	E57/709
GRC219	6979362	749771	60	-60	135	RC	Bigfinger	E57/709
GRC220	6979310	749887	60	-60	90	RC	Bigfinger	E57/709
GRC221	6963365	746000	158	-60	360	RC	Gossans Galore	P57/1232
GRC222	6963240	746250	89	-60	180	RC	Gossans Galore	E57/876
GRC223	6963460	747250	126	-60	180	RC	Gossans Galore	E57/417
GRC224	6962485	747250	90	-60	180	RC	Gossans Galore	E57/688
GRC225	6967860	752880	72	-60	245	RC	Birthday	P57/1155
GRC226	6968050	748110	144	-60	90	RC	The Cup	E57/417
GRC227	6971765	750250	150	-60	360	RC	Victory Creek	M57/485
GRC228	6970800	749050	166	-60	90	RC	Deep EM	M57/485

Bungarra Area, Bigfinger Propsect

The better of the intersections included GRC217, which returned 25m at 3088ppm Zn from 30-55m downhole and GRC220, which returned 55m at 1580ppm Zn from 5-60m (EOH) downhole. The significance of the strong zinc anomalism in the Bigfinger area warrants further investigation. Previous explorers appear, in at least some instances, to have not adequately tested these obvious outcropping trends.

Gossans Galore

Drilling intersected disseminated and semi-massive sulphides, however several holes were abandoned due to drilling conditions or missed the targeted conductor. As noted above, budgetary constraints at the time of expenditure planning limited the opportunity for more extensive drilling to ensure targeted conductors were effectively tested. These will now be tested in future programs.

Elevated levels of elements include Au to 211ppb, Ag to 1.3ppm, Pb to 155ppm, Zn to 947ppm, As to 6770ppm, Sb to 11.75ppm, Se to 4ppm and

Cd to 3.27ppm were returned from hole GRC221. The structural footwall to the sulphide horizon visually appears felsic to intermediate in composition.

GRC222 was abandoned due to drilling conditions, however anomalous gold to 57ppb and sulphur of 0.34% were intersected at the bottom of the hole, suggesting the hole was abandoned only metres short of the target.

GRC223 intersected significant multielement anomalism, including Au to 84ppb, Ag to 1.81ppm, As to 173ppm, Sb to 15ppm, Pb to 178ppm, Cd to 41ppm, Se to 14ppm, Sn to 11ppm and Te to 2.6ppm. The intersected lithology is not dissimilar to that hosting significant copper mineralisation at The Cup.

It should be noted that GRC182, drilled at The Cup, intersected strong silver anomalism with low copper values, however GRC183, undercutting this hole, 30m down-dip, returned 27m at 1.14% copper and a further 40m downdip GRC200 returned 33m at 1.22% copper.

GRC224 did not reach the target, but still intersected disseminated sulphides from 70-90m (EOH) in basalts. The sulphides were weakly anomalous in gold. The target was not spatially well defined by previous EM work. Further aircore drilling will be planned to refine the target for RC drilling.

Birthday Gossan

GRC225 targeted the outcropping Birthday Gossan with a short hole drilled below the gossan outcrop, although it did not target the sulphide zone, which will be tested in the next drilling program.

It intersected highly weathered gossanous material from 15-35m down hole. This is a level within the weathering profile that is expected to be highly depleted for copper and zinc. Maximum down hole grades returned 0.076% Cu and 0.13% Zn and are potentially indicative of strong mineralisation located below in the sulphide zone.

The interval also returned strong coincident multielement anomalism indicative of a basemetal system, including Sb 2.67ppm, Bi 7.11ppm, Mo 6.91ppm, Sn 10.9ppm, Ge 1.34ppm, In 2.34ppm, Se 11ppm, Te 4.73ppm and to a lesser extent, La 271ppm and Sr 259ppm.

These results compare very favourably with the pathfinder element concentrations at The Cup prospect.

The Cup

GRC226 was designed to test the footwall sequence at The Cup. The gossan was intersected in the upper part of the hole returning Cu to 839 ppm and Pb to 987 ppm. The gossan was also highly anomalous in trace pathfinder elements. The drilling intersected numerous gossan stringer zones in interpreted felsic to intermediate volcanics. Visual and geochemical data appears to suggest that The Cup mineralization may in fact have a footwall sequence that is consistent with stringer sulphide zones found beneath many VMS type deposits. The footwall geochemistry shows intermittent weak to moderate base and trace element anomalism.

New drilling program to commence in February

The Company is planning to commence drilling on its Gidgee tenements in February. The program will test the following targets:

- The Cup (3 RC Holes)

Strong VMS related copper mineralisation was discovered at The Cup in 2006 under approximately 10m of transported cover, the discovery changed the company focus from gold to VMS exploration. Consequently, a significant amount of previous sampling and drilling was not tested for VMS elements.

As such, a significant copper zone is identified located relatively close to surface with shallow west dip and robust drill hole intersection widths. Better intersections within the copper zone include:

- 76m @ 0.7% Cu including 20m @ 1.57%
- 44m @ 0.8% Cu including 9m @ 2.0%

Minimal follow up drilling has been carried out with only 9 RC holes drilled to date that test the copper zone. RC holes to be drilled in February are designed to confirm continuity of grade within the strong

copper zone, infilling to 50m spacing at relatively shallow depth and within range of RC drilling. Further drilling is designed to test extension of mineralisation to the northwest at increasing depth but completion will depend on ground drilling conditions.

- Bevan (2 RC Holes)

Highly anomalous historic exploration results remain to be followed up at Bevan. Results include strong copper and zinc drill hole intersections that lie below a wide zone of surface copper intersected in a shallow line of RAB drilling (>0.2% Cu). Surface rock chip sampling of up to 5.7% Cu is coincident with shallow RAB mineralisation. There is also a strong VTEM conductor interpreted to lie below the rock chip sampling and RAB mineralization and extending southwards. Strike extent to the south of strong mineralisation remains poorly tested.

- Snake Gossan (2 RC Holes)

1.4km of continuous strong VTEM conductivity occurs at Snake Gossan that is potentially indicative of VMS mineralisation. Rock chip sampling along the entire length is highly anomalous for Copper and Zinc with up to 0.21% Copper and 0.57% Zn at surface. Very little historic drilling was carried out even though strongly mineralised drill intersections were received that include, 16m @ 0.27% Cu from surface to EOH and 13.7m @ 0.26% Cu from 15.2m.

This is a level of anomalism that might be expected in an oxidised metal depletion zone located above a VMS deposit. During the February field program Gateway is to perform field checks of historic drilling before commencing initial drill testing. 2 RC holes are designed to test below the highly anomalous intersections listed above.

- Birthday Gossan (3 RC holes)

Birthday Gossan is part of a 4km long trend of MLTEM conductive anomalies. The trend is located at relatively low elevation, down hill from Bevan and Snake Gossan prospects. Terrain is flat lying and has been subject to a greater level of chemical weathering. The increased weathering is expected to cause more leaching of mobile elements such as Copper and Zinc from within the weathering profile.

Low gossan outcrop/subcrop occurs at Birthday Gossan which has been rock chip sampled and geochemically analyzed. Sampling returned up to 0.08% Cu and 0.06% Zn and is considered very anomalous for the type of weathering terrain it is located within. Rock chip sampling also returned highly anomalous pathfinder element concentrations that are relatively immobile during weathering and are potentially indicative of target metal concentration prior to weathering.

- Lode gold and porphyry gold / copper prospects (3 RC holes)

Gateway's Gidgee Project tenure remains highly prospective for mesothermal lode gold and porphyry gold/copper mineralisation in addition to VMS mineralisation.

One RC hole is designed to target lode gold mineralisation 350m west of Whistler Pit. Gold anomalism was identified in historic shallow posthole drilling and is along north-south strike, sub-parallel to the Whistler structure.

Two RC holes are to be drilled about 1.5km west of Rosie Castle Pit and within the Montague Granodiorite, a potential host to porphyry copper/gold mineralisation. Drilling targets are below rock chip samples taken at surface that are anomalous for gold and copper and highly anomalous for trace elements typical of porphyry gold deposits including Mo and Bi.

Extensive data review completed

The Company's new team has been undertaking an extensive data review of over 30 years of data associated with the Gidgee area and the Company's tenements. Some of Gateway's tenements have previously been held by CRA Ltd, Legend Mining, Polaris Pacific, Herald Resources and, with others subjected to Joint Ventures with Placer Dome Group, Avenue Resources Ltd, and WCP Ltd amongst others. Despite a long history, the tenements remain highly underexplored.

Most historic exploration was limited to aircore drilling and rock chip sampling, with minimal RC drilling and minimal drilling at depth. This is despite highly encouraging shallow results, strong Electro-Magnetic conductors extending the length of the project, numerous outcropping gossans and an environment conducive to VMS deposits.

Combining the historic data with Gateway's own data, the Company is confident its Gidgee tenement package could represent a new VMS province.

The Company has identified a large number of drill ready targets which will be tested during 2013. The stage is set for follow up exploration across the tenement package, including RC drilling to test extensive MLTEM conductors and aircore drilling to test geochemical anomalism and better define targets for follow up RC drilling.

New Board and Management in place

The Board appointed Ian McDonald as a Non-Executive Director. Ian is a highly respected geologist with particular expertise in VMS and gold deposits. He brings enormous technical expertise to Gateway.

During the quarter Mr Mark Lynch also resigned. The Company wishes Mr Lynch well with his other endeavours.

Mr Scott Jarvis was appointed as the Head Geologist. Scott is a highly experienced geologist who has previously worked with a number of major mining companies. Mr Gary Franklin was also appointed as Company Secretary and CFO. He has considerable experience over the last three decades in similar roles, including in the resources industry.

For further information please contact Andrew Bray on +61 401 025 002

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Scott Jarvis, the 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 2004 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.