GATEWAY

MINING LIMITED

ANNUAL REPORT 2012

1. DIRECTORY

DIRECTORS

Brian Gomez
Chairman
B Sc (Earth Sciences)
FAICD

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

Mark Lynch
FAICD

COMPANY SECRETARY

Anthony deGovrik LL.B

MANAGEMENT

Steven Lian
Chief Executive

REGISTERED OFFICE

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E-mail:
gml8@bigpond.com

Website:
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SHARE REGISTRY

Computershare
Registry Services
GPO Box 7045
SYDNEY NSW 1115
Tel: 1300 855 080

SOLICITORS

A.C. deGovrik & Associates
7 Cammeray Road
CAMMERAY NSW 2026

BANKER

Citibank
2 Park Street
SYDNEY NSW 2000

AUDITORS

Priestley & Morris
Chartered Accountants
PO Box 19
PARRAMATTA NSW 2124

GEOLOGICAL CONSULTANTS

Gondor Geoconsult Pty Ltd
Mark Gordon MAusIMM CP
GPO Box 2240
SYDNEY NSW 2001

Alan Pellegrini
12 Holland Street
Wembley WA 6014

AUSTRALIAN STOCK EXCHANGE

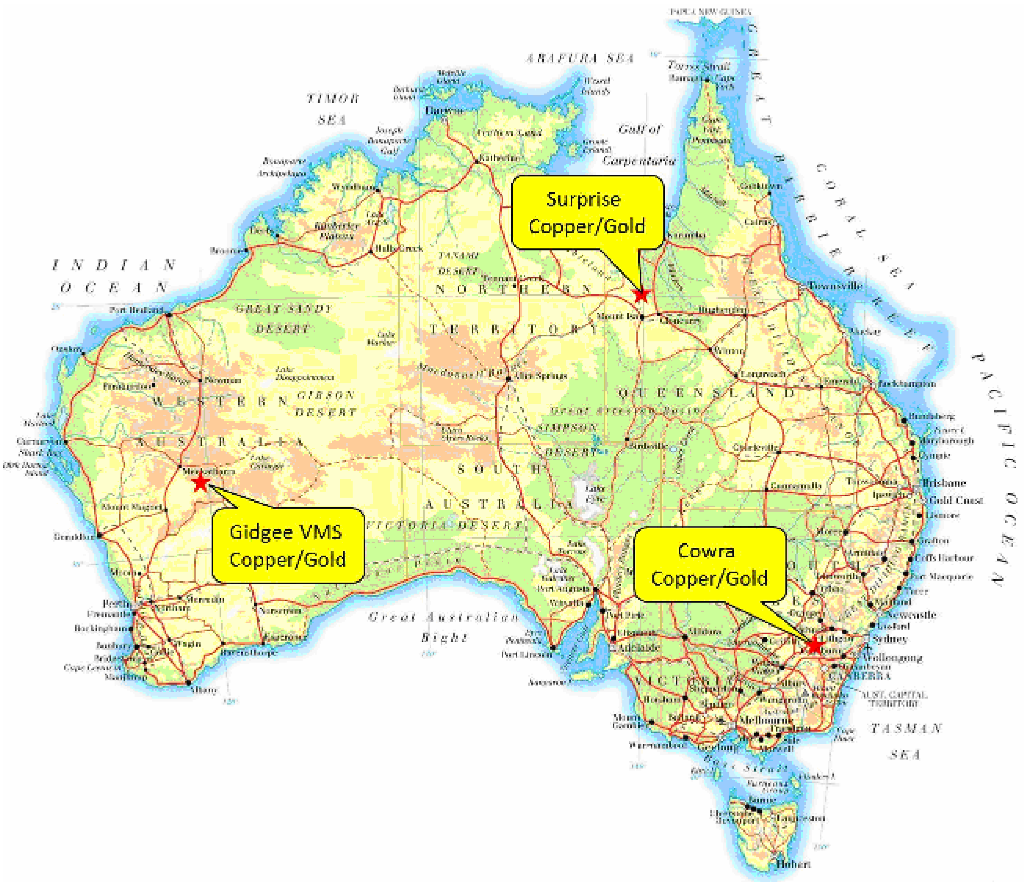
Ordinary Shares	GML
Options	GMLO

2. OPERATIONS REVIEW

OVERVIEW

Work has concentrated on the Gidgee Project throughout the year; however exploration programmes have by necessity been limited due to tight budgets.

Work at the Gidgee project has been concentrated on the Volcanogenic Hosted Massive Sulphide (VHMS) potential; however work has also been carried out on the hypogene gold potential within the Airport Trend. Work has included further EM and reverse circulation drilling which has confirmed the VHMS potential of the greenstones surrounding the Montague Granodiorite.



The work on the VHMS potential has defined a number of very prospective drill-ready targets, which are defined by geophysical, geochemical and geological signatures commonly associated with this class of mineralisation.

The JV agreements with Avenue Resources (ASX: AVY) were terminated in April 2012, with Avenue not having earned any equity in the tenements. Ownership of the tenements therefore remains as it was prior to the entry into the JV's in September 2010.

Work continued over the Bungarra tenements, E57/706 and E57/709, with these being purchased from Legend Mining in FY2010. This largely included reconnaissance work, and has resulted in the definition of a number of drill targets.

Minotaur Exploration withdrew from the Cowra joint venture early in the year, with the tenements, EL5514 and EL6102 reverting 100% to Gateway. These tenements were relinquished in August 2012, subsequent to the end of the reporting period.

In the December quarter Gateway sold its remaining interests in the Hodgkinson Basin (6% FCI in EPM9934 and EPM 10026) to Territory Minerals Pty Ltd.

GIDGEE PROJECT WESTERN AUSTRALIA

Gateway Mining holds interests in approximately 160km^2 of tenements in the Gidgee area, located 600km northeast of Perth. These tenements are located over the Gum Creek Greenstone Belt, considered prospective for gold and copper.

Historically the Gidgee area has produced around 1.5 million ounces of gold, including production from shallow oxide open pits within the company's Airport Central tenements. To date Gateway has enjoyed exploration success in the project area, predominantly on shallow gold targets which was the original focus by Gateway. Examples include S-Bend, Rosie North, Airport Central and Bullseye. More recent exploration successes include the Julia's Fault gold mineralisation, Rosie NE gold and The Cup copper discovery to the south of Julia's Fault. Gossans Galore and Gravel Pit are two high priority potential Volcanogenic Hosted Massive Sulphide (VHMS) copper prospects that have been delineated in the last few years.

The Cup discovery and the identification of Gossans Galore and Gravel Pit has shifted the exploration focus more to VHMS style copper mineralisation, however the gold prospectivity is still being tested. The VHMS prospectivity is supported by geological, geophysical and geochemical signatures and characteristics of the different prospects. The Cup is the most advanced prospect, with significant copper being intersected in a number of RC drillholes, with intersections up to 76m @ 0.70% Cu.

The Cup occurs on an interpreted trend that extends approximately 2km north and NE through Julia's Fault to Hypotenuse, and 6km SSE to Gravel Pit. Holes drilled on this trend have largely intersected sulphides/gossans and anomalous geochemical signatures commonly associated with VHMS mineralisation. This trend is also marked by EM conductors, and is located largely over an intermediate to felsic volcano-sedimentary package, interpreted as being close to the contact with an underlying basaltic volcanic package, a stratigraphic position that is typical of a number of VHMS camps throughout the world.

Another feature of VHMS mineralisation is that deposits commonly occur as clusters of lenses along a common stratigraphic position – it may be that the interpreted Cup trend represents such a stratigraphic horizon, and thus is a key target for further work. In addition camps will contain a range of systems – from base and precious metal poor zones through to strongly mineralised zones.

Gossans Galore, to the west of Gravel Pit, occurs in more mafic volcanics, possibly the sequence immediately underlying that seen along The Cup trend, or else a lateral facies change.

Work at Bungarra also suggested that the copper/zinc anomalism may be associated with VHMS mineralizing systems. However the intrusion of the ultramafic Bungarra Complex into the greenstone package has complicated the geology, and disrupted any potential lenses of mineralisation.

Much of the previous gold exploration work (including the discoveries listed above) has been concentrated on near surface oxide gold mineralisation; however more recent drilling has intersected mineralisation that supports the prospectivity for deeper hypogene discoveries.

Only limited deep drilling has been carried out in the Gidgee area, and thus the hypogene gold potential remains largely untested.

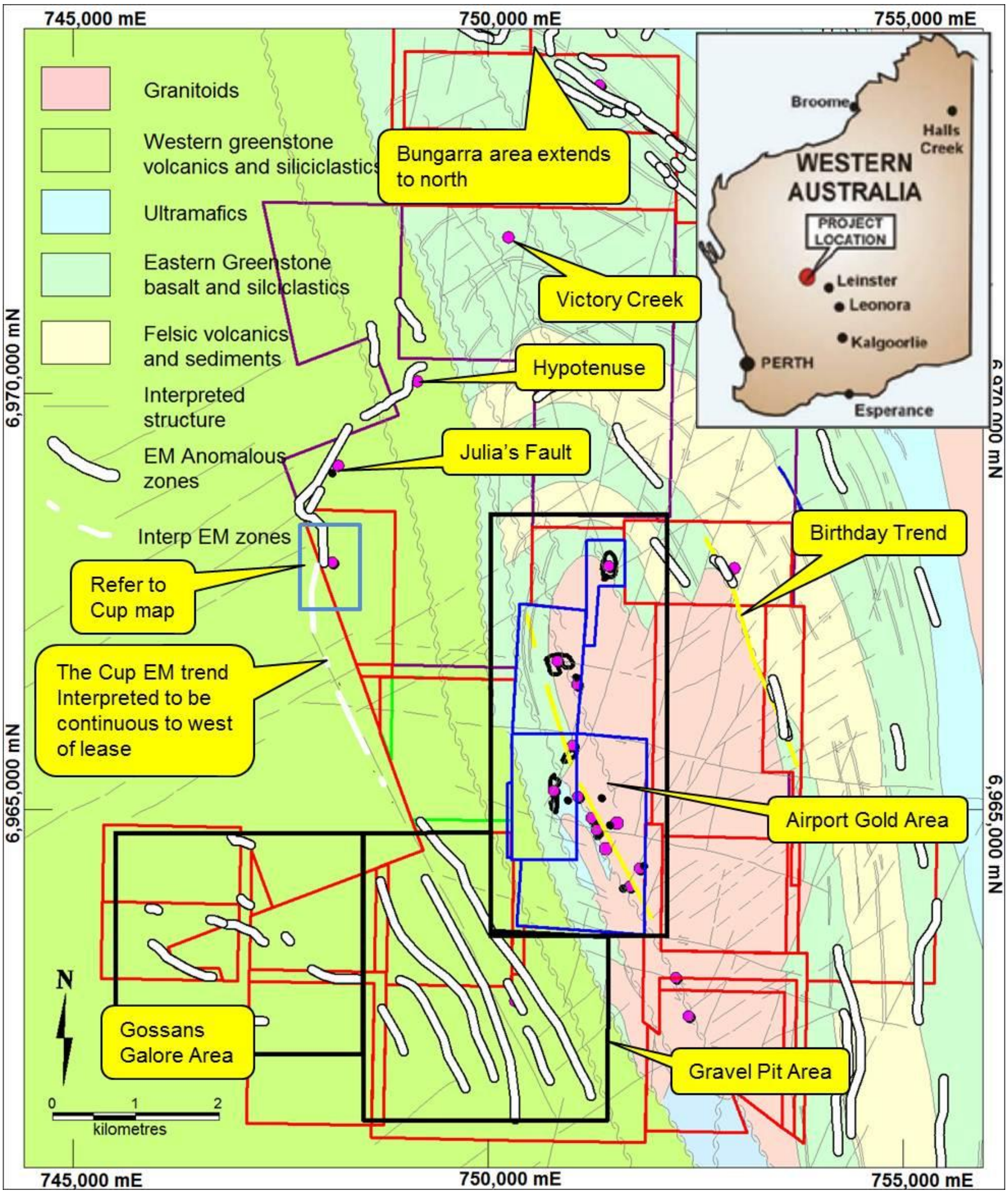
Historic work intersected sulphide gold mineralisation below the Whistler open pit, with subsequent work delineating a previously reported 25,000oz JORC-compliant resource in a steeply plunging shoot. As previously reported, drilling by WCP Resources (as manager of a previous Gateway/WCP joint venture) into this shoot intersected ounce plus gold grades (9m @ 33.82 g/t Au in a broader intersection of 22m @ 14.94g/t Au), in addition to two other high grade intersections supporting the prospectivity of this area for hypogene gold mineralisation below and in the vicinity of the historic oxide pits. Intersections of 33m @ 0.67g/t Au and 102m @ 0.42g/t Au in hole

WRC012 as announced in 2009 also confirm the prospectivity of the Montague Granite to host significant gold mineralisation. The intersection in hole WRC012 was followed up by an intersection of 120m @ 0.42g/t in hole AGRC001, drilled 50m east of WRC012

In summary work during the year, which included a seven hole RC programme and additional EM surveying has confirmed the prospectivity of the Gidgee tenement package to host VHMS-style base metal mineralisation.

Montague Area

Montague area tenements, showing key prospects



The Montague area forms the bulk of Gateway's Gidgee tenement holdings, and includes key gold and base metal prospects.

The Cup

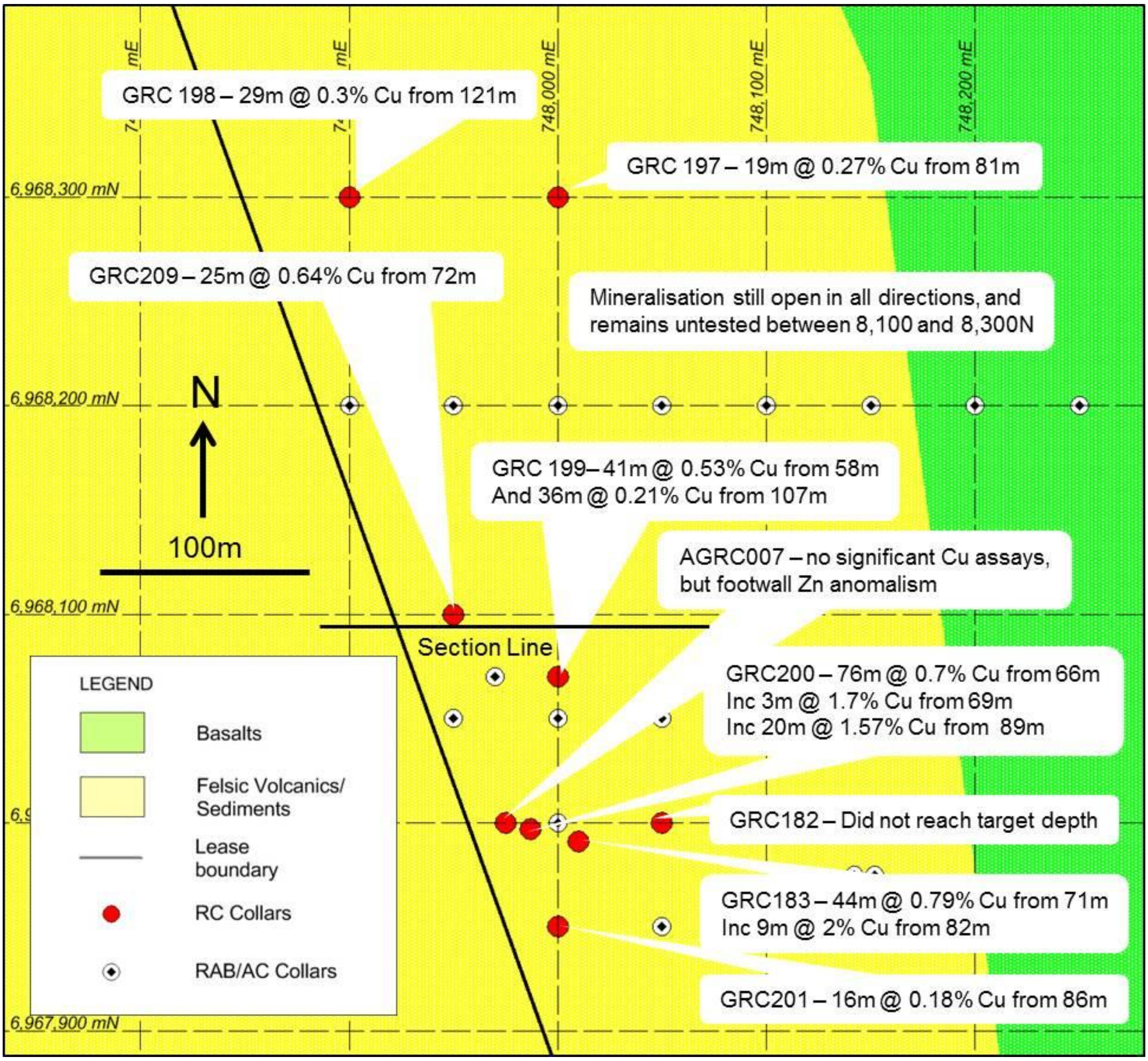
Gateway 100%

The Cup is a Gateway copper discovery. Rockchip, historical aircore and RAB copper anomalism was first followed up by RC drilling in late 2006, which intersected significant copper, including 30m @ 1.0% copper from 70m in hole GRC183. More recent results include 80m @ 0.66% Cu from 65m (including 20m @ 1.46% Cu from 90m) in hole GRC200.

Gateway drilled one RC hole in the reporting period. GRC209 was designed to test approximately 100m down dip from the 41m at 0.53% Cu intersected previously in hole GRC199. GRC209 returned significant mineralisation, which included 25m at 0.63% Cu from 72-97m down hole, 17m at 10.52g/t Ag from 50-67m down hole and 30m at 0.176% Zn from 120-150m down hole.

There appears to be a zonation from copper to zinc, with silver and arsenic also being anomalous elements.

Drillhole plan, The Cup

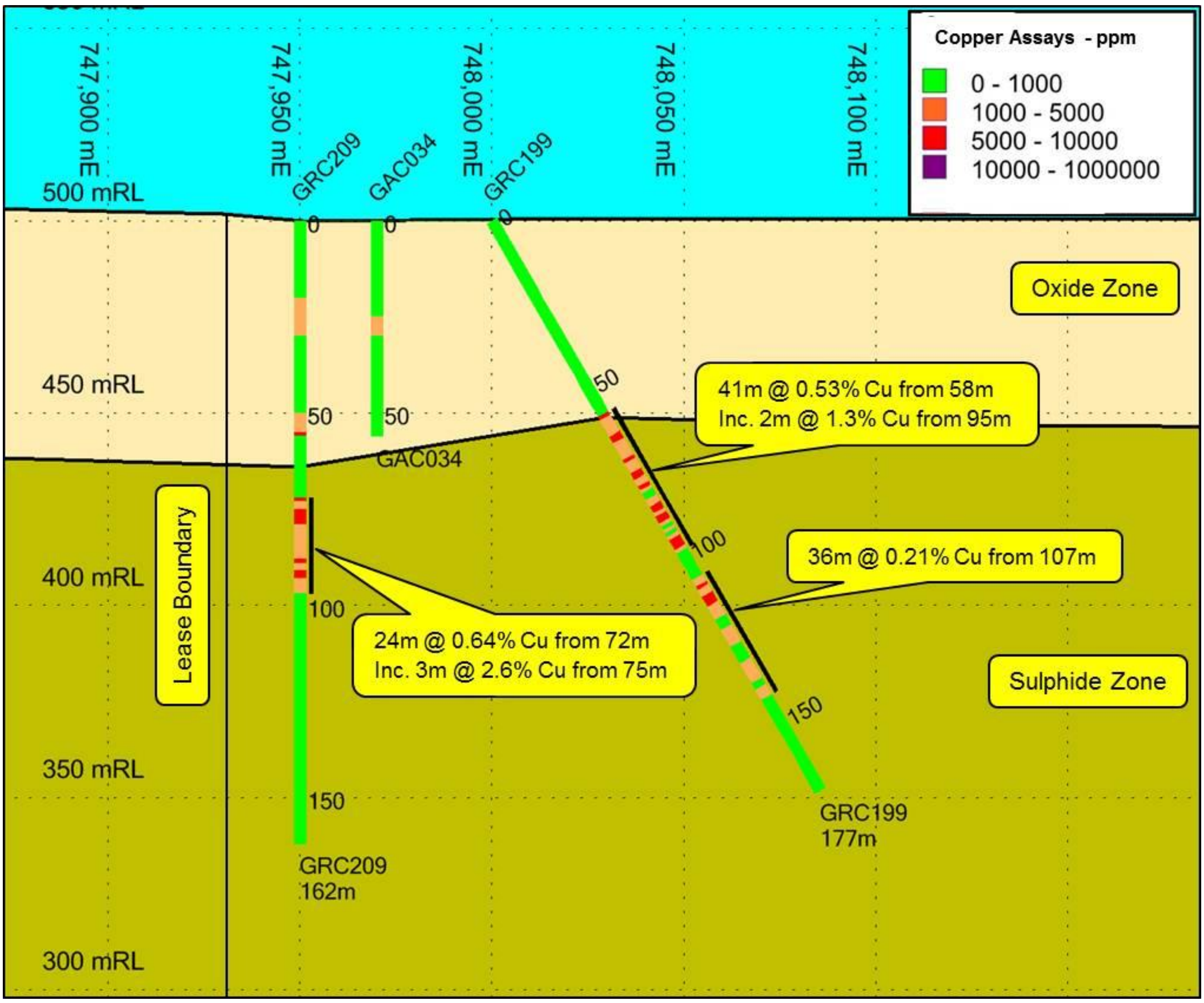


The mineralisation is interpreted as being hosted within an intermediate to felsic volcano-sedimentary package. Lthogeochemical studies have indicated that sericitic to chloritic alteration is associated with the mineralisation. The interpreted volcano-sedimentary host sequence, alteration and apparent metal zonation are highly suggestive of typical VHMS style mineralisation.

The mineralisation is associated with semi-massive to massive sulphides, dominated by pyrite. Limited previous micro-probe investigations have indicated that chalcocite is the main copper-bearing mineral, with no chalcopyrite being evident in the logging. Chalcocite is often treatable using cheaper heap-leach processes, and the presence may indicate a near supergene environment.

These wide down hole intersections are even more significant in that the shallow westerly dip of the mineralisation translates into intersections that are effectively true thickness. The prospect still remains open in all directions with only nine RC holes being drilled into the prospect over a strike length of 350m, although potential is limited to the west as it abuts the western edge of Gateway's lease. In addition, there has been no RC drilling in the 200m of strike between 6968100N and 6968300N.

The Cup section, 968100N, looking north



Julia's Fault/Hypotenuse

Gateway 75%, Estuary Resources 25%

The Julia's Creek and Hypotenuse prospects are located immediately NNE of the Cup, and are interpreted as being located in the same stratigraphic position where it appears to swing around from the NNW to NNE. The geology of The Cup and Julia's Fault is similar – both being within a strongly altered intermediate to felsic volcano-sedimentary package near the boundary with interpreted underlying basalts, and having geochemical anomalism and mineralisation associated with disseminated to massive sulphides.

At Julia's Fault, alteration is also similar to that at The Cup, with lithogeochemical work indicating sericite to sericite/chlorite alteration.

The initial 2005 work delineated a shallowly westerly dipping gold zone on section 6969000N, with a down dip extension of approximately 100m. Assay results (1g/t Au cutoff) included 22m @ 1.75 g/t Au and 9m @ 2 g/t Au. The up dip extension on this section was tested by hole GRC194 in early 2008, returning two separate mineralized intervals – one returning 6m @ 3.80 g/t Au and the other of 2m @ 4.70 g/t Au, both within a broader mineralised halo. The gold lens extends along strike for approximately 100m north and south.

Subsequent drilling has commonly intersected semi-massive to massive sulphides, with associated Au, Ag, Cu, Zn, As and VHMS pathfinder anomalism to weak mineralisation.

Two RC holes were drilled in FY2012 – GRC214 at Julia's Fault and GRC215 at Hypotenuse. Both holes intersected significant sulphides coincident with the EM anomalies, as well as anomalous precious and base metals associated with the sulphides. Hole GRC214, designed to test 90m downdip of an intersection of 23m @ 0.22% Cu in hole GRC206 intersected 29m @ 0.22g/t Au from 116m (the expected depth), with anomalous Ag, As, Sb, Cu and Zn, indicating a possible down dip zonation from Cu to Au.

Hole GRC215 intersected 20m @ 0.21g/t Au from 40m. This hole also has variably elevated Cu, As and Sb throughout.

Gossans Galore/Gravel Pit

Gateway 100%

These areas are considered prospective for VHMS mineralisation, and to date have had only limited drilling. Initial targets were defined by EM surveying, which has delineated a number of linear anomalies.

Gossans Galore is characterised by a number of NW to E-W trending EM anomalies, with aircore drilling in 2010 intersecting gossans and sulphides coincident with the EM. This drilling also intersected anomalous base metal and VHMS pathfinder element in dispersion haloes in the saprolite, with a tenor similar to that seen in shallow drilling at The Cup. The only RC drilling in this area comprised four holes completed in September 2012, subsequent to years end, and assays are still awaited at the time of writing.

Gravel Pit is characterised by a number of parallel NNW trending EM conductors, the easternmost of which is probably a strike continuation of The Cup trend. The western anomalies are interpreted to trend into adjoining leases, in which historic work has defined low grade copper mineralisation along strike to the north.

The only RC hole At Gravel Pit, GRC213, was completed to test a gossan/ironstone intersected in an earlier aircore hole, and intersected anomalous Sb, Cu and Zn in graphitic shales with rare pyrite. This hole was drilled between EM anomalies, and the results indicate that the graphitic shales are not the cause of the EM conductors. It is interpreted that the gossan in the aircore hole is rootless, being disrupted by folding or faulting.

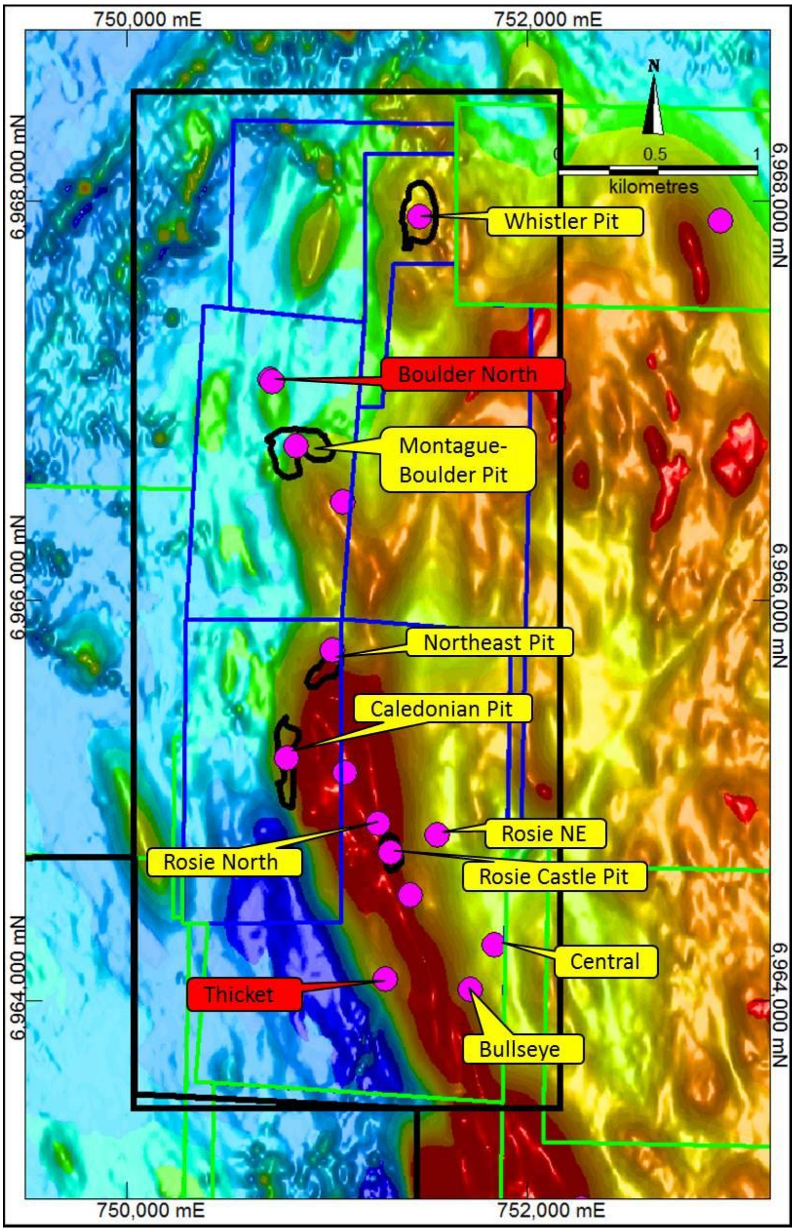
Birthday Trend
Gateway 100%

The Birthday Trend, which in part forms the eastern faulted margin of the Montague Granodiorite, has been traced along strike for approximately 5km. It is marked by sporadic gossan outcrops and EM conductors. Work during the year included mapping and rock chip sampling. This has defined the Birthday Gossan, which has a strike length of approximately 140m at the north end of the zone, and has returned highly Cu and Zn anomalous rock chips.

Airport Gold Area
Gateway 85%, Goldfan Pty Ltd 15%

The Airport Gold Trend includes four ML's over the Montague Granodiorite and margins. The area contains a number of prospects, largely along the western margin of the Montague Granodiorite, however with some (e.g. Rosie NE) within the granodiorite.

Airport Gold Area, showing key prospects (ones drilled in 2012 shown in red) on magnetics image



Work carried out during the year included the drilling of three RC drill holes, two at the Thicket prospect and one at Boulder North. The holes at Thicket, GRC210 and 211, were designed to test a strong RAB Au anomaly. These holes intersected only weak quartz/pyrite veining with slightly anomalous gold values. Likewise, hole GRC212 at Boulder North did not return significant results.

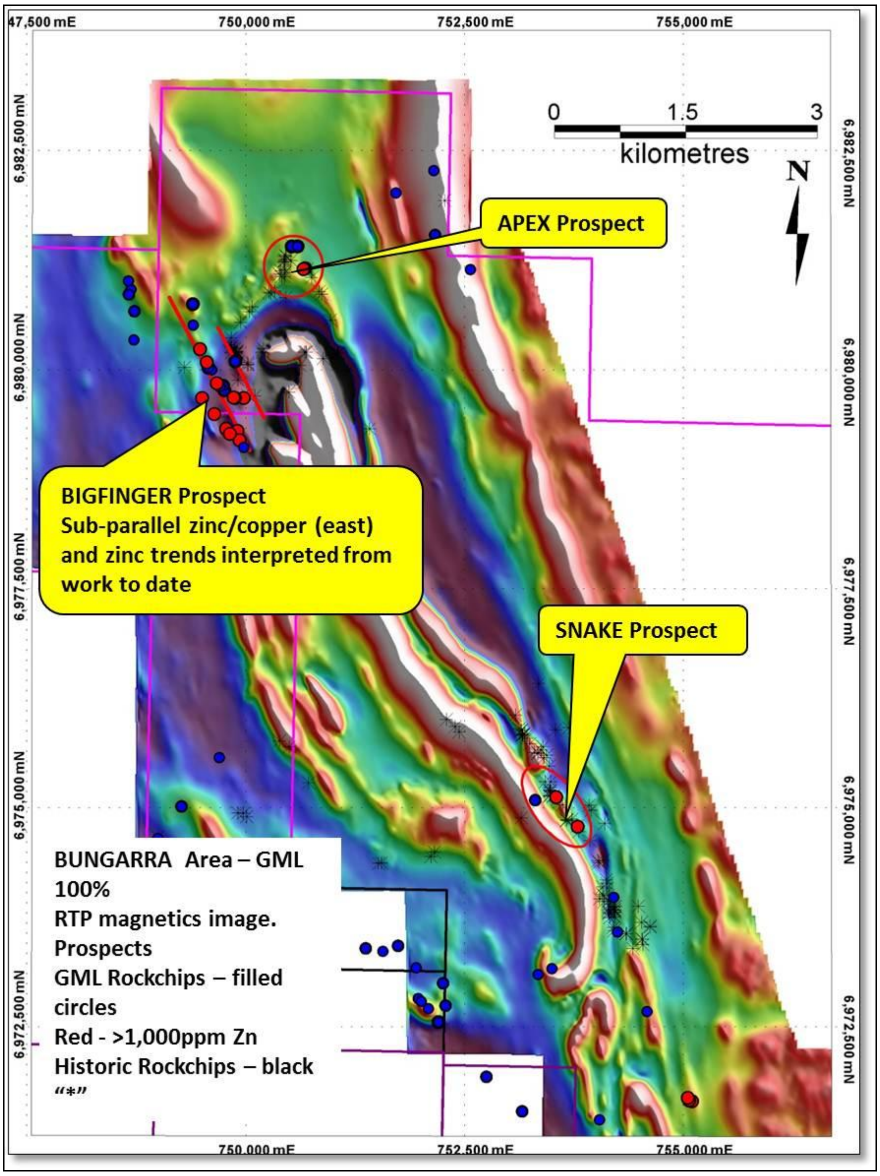
Bungarra

Gateway 100%

Gateway acquired the Bungarra Project from Legend Mining in late 2010. During the reporting year Gateway carried out reconnaissance work, following up previously defined and untested EM anomalies and Cu/Zn anomalous zones. One of these areas is the Bigfinger trend, which includes a 2km long interpreted Zn corridor defined by EM and surface geochemistry. As previously reported rock chips have returned up to 4930ppm Zn and 901ppm Cu.

Work to date suggests that the copper/zinc anomalism may be associated with VHMS mineralising systems. However the intrusion of the ultramafic Bungarra Complex into the greenstone package has complicated the geology, and disrupted any potential lenses of mineralisation.

Bungarra area, on RTP magnetics image



2. OPERATIONS REVIEW

COWRA PROJECT NEW SOUTH WALES

Gateway 100%

Joint Venture partners, Minotaur Exploration withdrew from the joint venture over the Cowra tenements in July 2011. After unsuccessfully trying to engage a new JV partner during the year, the decision was made to relinquish the Cowra tenements. This was done subsequent to the end of the year.

SURPRISE PROJECT QUEENSLAND

Gateway 100%,

No work was carried out over the Surprise Project during the year.

HODGKINSON BASIN PROJECT QUEENSLAND

Gateway disposed of its interest in tenements EPM9934 and 10026 to Territory Minerals Pty. Ltd.

As of June 30, 2012 the company holds the following percentage interest in the under mentioned tenements:

TENEMENT SCHEDULE			
Project	Holder/JV	Current Interest	Tenements
Gidgee	Gateway/Avenue Resources JV	100%	E57/688, E57/687, P57/1155, P57/1149, P57/1150, P57/1151, P57/1152, P57/1179, P57/1180, P57/1181, P57/1182, E57/417, P57/1232, P57/1233, P57/1250, E57/807, E57/706, E57/709, E57/823, E57/824, P57/1272, P57/1273, E57/876, E57/405, E57/874, E57/875, E57/888
Gidgee	Gateway/Goldfan Ltd	85%	G57/2 M57/048 M57/098 M57/099 M57/217
Gidgee	Gateway/Estuary Resources NL	75%	E57/793 M57/429 M57/485
Cowra	Gateway	100%	EL5514, EL6102 (Relinquished subsequent to year's end)
Surprise	Gateway	100%	EPM9053

Disclaimer

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.

4. DIRECTORS REPORT

Your directors present their report on the company for the financial year ended 30 June 2012.

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 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.

Mark J Lynch (Non-Executive Director)
FAICD

Appointed Board member on 29 November 2010. Mark has been actively involved in gold exploration and mining for over 28 years with extensive experience in mine operation and management.
He is a Fellow of the Australian Institute of Company Directors and has held the position of Director of Queensland Resources Council for 6 years. He is currently the managing Director and CEO of Citigold Corporation Limited, a public listed resource company on the Australian Stock Exchange.

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	363,750	-
R.A. Creelman	393,000	-
Mark Lynch (Indirect)	56,744,321	-
Specified Executives:	*Ordinary shares:*	*Options over ordinary shares:*
S.Lian	1,486,978	-

COMPANY SECRETARY

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

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.

RESULTS AND DIVIDENDS

The loss of the company for the financial year after providing for income tax amounted to $1,692,672.
No dividends have been declared or paid during the year.

REVIEW OF OPERATIONS

Activities by the company were concentrated on the Gidgee Project in Western Australia, where further EM surveying and RC drilling have confirmed the prospectivity for additional gold mineralisation related to the Montague Granodiorite, and Volcanogenic Massive Sulphide (VHMS) base and precious metal mineralisation in the greenstones.

This work has largely been operated by Gateway, with Avenue Resources withdrawing from two Joint Ventures over a number of the tenements in April 2012.

Aircore and RC drilling carried out by both Avenue and Gateway in the 2011 financial year had confirmed the prospectivity of a number of prospects, including, amongst others The Cup, Gossans Galore and Gravel Pit (VHMS mineralisation) and Rosie NE (gold mineralisation).

Work during the reporting period included infill and extensional EM surveying, RC drilling, ground mapping and rock chip sampling. In addition a lithogeochemical study was undertaken on assay data from a number of drill holes within the tenements. The purpose of this was to characterise alteration and rock types, including weathered material where visual recognition of features, especially alteration, can be difficult. This work recognised VHMS style alteration and felsic and mafic volcanic lithologies in the key VHMS prospects.

Reconnaissance mapping and sampling extended the Birthday Zone, a 5km long zone of gossans and base and pathfinder element anomalism on the eastern side of the Montague Granodiorite. At Bungarra reconnaissance work identified a number of copper and zinc geochemical trends.

Results of EM surveying completed during the year were incorporated with previous surveys, and an interpretation has resulted in a number of clear trends being identified. These include, amongst others, zones at Gossans Galore and Gravel Pit that require further testing.

RC drilling was carried out at a number of prospects. At The Cup drill-hole GRC209 intersected 25m @ 0.63% copper, 100m downdip from hole GRC199, which returned 41m @ 0.53% copper. The Cup still remains open in all directions. Drilling at Julia's Fault and Hypotenuse intersected significant thicknesses of massive and massive sulphides with anomalous base and precious metal and pathfinder anomalism.

In summary, the work carried out confirmed the prospectivity of the tenements, and has defined a number of priority drill targets.

The Cowra tenements were relinquished subsequent to the end of the reporting period, following Minotaur Exploration's earlier withdrawal from a joint venture.

The company disposed of its interests in the Hodgkinson Basin tenements EPM9934 and 10026 to Territory Minerals Pty Ltd.

No work was carried out over Surprise EPM9053 in Queensland.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND FINANCIAL POSITION

On 19 December 2011, the company raised $368,000 via a placement of 16 million shares at 2.3 cents per share with 1.8 free attaching option for each share issued at an exercise price of two cents per share expiring 15 November 2014.

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.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

On 7 September 2012, shareholders authorised the company to issue up to a maximum of 100 million ordinary shares at 5 cents per share to raise $5,000,000.

The company further received a Notice of Exercise in respect of 5,750,000 options (out of a total of 7,000,000 options which expired on 1 September 2012). The exercise price was 4 cents per share and this has injected $230,000 of additional funds into the company. The balance of 1,750,000 options were not exercised and have expired.

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.

SHARE OPTIONS

At the date of this report, there were 35,800,000 options (2011 – 25,500,000).

No of options	Exercise price	Expiring on or before
7,000,000	3.8 cents	15 April 2014
28,800,000	2.0 cents	15 November 2014

7,000,000 options with an exercise price of 10 cents expired on 7 October 2011.
4,000,000 options with an exercise price of 30 cents expired on 30 November 2011.
5,750,000 options with an exercise price of 4 cents were exercised before expiry date 1 September 2012
1,750,000 options with an exercise price of 4 cents expired on 1 September 2012.

EMPLOYEES

There were 2 employees as at 30 June 2012 (2011 - 2)

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

	Short-term benefits			Post-employment benefits	Share-based payments	Total
Non-executive Directors:	Fees	Non-monetary benefits	Other short-term benefits	Super - Contribution	Options	
	$	$	$	$	$	$
B. Gomez	25,000	-	-	-	-	25,000
R.A. Creelman	28,600	-	-	-	-	28,600
Mark. J. Lynch	20,000	-	-	-	-	20,000
	73,600	-	-	-	-	73,600

Specified Executives Remuneration

	Short-term benefits				Post-employment benefits	Share-based payments	Total
	Cash Salary	Fees	Non-monetary benefits	Other short-term benefits	Super-Contribution	Options	
	$	$	$	$	$	$	$
S. Lian (CEO)	120,000	-	-	9,000	10,800	-	139,800
Allan Pellegrini (Exploration Consultant)	-	121,502	-	1,174	-	-	122,676
Mark.Gordon (Exploration Consultant)	-	24,835	-	-	-	-	24,835
	120,000	146,337	-	10,174	10,800	-	287,311

No termination benefits were paid during the financial year.
No options were issued as share based payments during the year.

Related Party Transactions

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

DIRECTORS' MEETINGS

During the financial year, 5 meetings of directors (including committees) were held.
Attendances were:

	Meetings eligible to attend	Meetings attended
B. Gomez	5	5
R.A.Creelman	5	3
Mark Lynch	5	4

4. DIRECTORS REPORT

The company does not have an Audit Committee as this function is performed by the Board of Directors.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gateway Mining Limited support and adhere 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.

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.

NON-AUDIT SERVICES

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

AUDITOR INDEPENDENCE DECLARATION

The auditor independence declaration for the year ended 30 June 2012 has been received and can be found on page 6 of this financial report.

INDEMNIFYING OFFICERS OR AUDITOR

The company has paid a premium to insure the directors and officers of the company. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Brian Gomez
Director
Dated this 28th day of September 2012
Sydney

Priestley & Morris
Chartered Accountants

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 2012 there has 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

PA Cordwell

P A Cordwell
Partner

Dated this 28th day of September 2012

Priestley & Morris - ABN: 51 502 720 047

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5. INCOME STATEMENT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 $	2011 $
Revenue	2	**7,970**	53,834
Depreciation and amortisation expense	3	**(1,453)**	(2,117)
Employee benefits expense		**(188,389)**	(180,880)
Professional services rendered		**(105,855)**	(104,933)
Office expenses		**(54,269)**	(51,108)
Compliance fees		**(18,308)**	(19,201)
Share registry fees		**(15,454)**	(18,183)
Travel and entertainment expenses		**(38,298)**	(32,224)
Write-off of capitalised exploration expenditure	3	**(1,147,072)**	-
Loss on disposal of financial assets		**(97,964)**	-
Other expenses		**(33,580)**	(41,877)
Loss before income tax		**(1,692,672)**	(396,689)
Income tax expense	4	**-**	-
Loss for the year	14	**(1,692,672)**	(396,689)
Other comprehensive income:			
Net loss on revaluation of financial assets available for sale		**(73,707)**	(1,427)
Other comprehensive loss for the year, net of tax		**(73,707)**	(1,427)
Total comprehensive loss for the year attributable to members of the company		**(1,766,379)**	(398,116)
Earnings per share			
Basic earnings per share	6	**(0.0113)**	(0.0032)
Diluted earnings per share	6	**(0.0091)**	(0.0027)

The accompanying notes form part of these financial statement

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	NOTE	2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	17b	**125,641**	199,197
Trade and other receivables	7	**88,061**	80,625
TOTAL CURRENT ASSETS		**213,702**	279,822
NON-CURRENT ASSETS			
Trade and other receivables	7	**12,608**	12,608
Financial assets	8	**81,040**	573,941
Plant and equipment	9	**3,623**	5,076
Capitalised exploration and evaluation expenditure	10	**8,210,108**	8,880,254
TOTAL NON-CURRENT ASSETS		**8,307,379**	9,471,879
TOTAL ASSETS		**8,521,081**	9,751,701
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**234,978**	67,072
Provisions	12	**48,965**	27,032
TOTAL CURRENT LIABILITIES		**283,943**	94,104
TOTAL LIABILITIES		**283,943**	94,104
NET ASSETS		**8,237,138**	9,657,597
EQUITY			
Issued capital	13	**22,823,980**	22,478,060
Reserves	15	**233,232**	306,939
Accumulated losses	14	**(14,820,074)**	(13,127,402)
TOTAL EQUITY		**8,237,138**	9,657,597

The accompanying notes form part of these financial statements

7. STATEMENT OF CASH FLOWS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		**(391,750)**	(440,196)
Interest and other income received		**7,970**	9,472
NET CASH USED IN OPERATING ACTIVITIES	**17a**	**(383,780)**	(430,724)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		**324,980**	532,157
Purchase of plant and equipment		**-**	(1,152)
Purchase of listed securities		**(3,750)**	(110,534)
Purchase of unlisted securities		**-**	(17,281)
Expenditure on mining interests		**(476,926)**	(394,809)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		**(155,696)**	8,381
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of ordinary shares		**368,000**	617,500
Placement fees		**(22,080)**	(31,600)
Proceeds from unsecured loan		**120,000**	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		**465,920**	585,900
NET (DECREASE) INCREASE IN CASH HELD		**(73,556)**	163,557
Cash and cash equivalents at beginning of financial year		**199,197**	35,640
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**17b**	**125,641**	199,197

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE ENDED 30 JUNE 2012

	Issued capital	Accumulated losses	Financial asset revaluation reserve	Share Based payments reserve	Total
	$	$	$	$	
Balance at *1.7.2010*	21,892,160	(12,730,713)	175,366	133,000	9,469,813
Share issued during the year	617,500	-	-	-	617,500
Transaction costs	(31,600)	-			(31,600)
Total other comprehensive loss for the year	-	-	(1,427)	-	(1,427)
Loss at attributable to members of the company	-	(396,689)	-	-	(396,689)
Balance at *30.06.2011*	22,478,060	(13,127,402)	173,939	133,000	9,657,597
Shares issued during the year	368,000	-	-	-	368,000
Transaction costs	(22,080)	-	-	-	(22,080)
Total other comprehensive loss for the year	-	-	(73,707)	-	(73,707)
Loss attributable to members of the company	-	(1,692,672)	-	-	(1,692,672)
Balance at *30.06.2012*	22,823,980	(14,820,074)	100,232	133,000	8,237,138

The accompanying notes form part of these financial statements.

9. NOTES TO THE FINANCIAL STATEMENTS

This financial report covers the financial statements and notes of Gateway Mining Limited as an individual entity.

The financial statements were authorised for issue on 28 September 2012 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards (AASB) set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for the cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Goods and Services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

c. Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(n) for details of impairment).

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation
The depreciable amount of all plant and equipment is depreciated on a reducing balance basis over the asset's useful life 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:

Class of Fixed Asset:	*Depreciation rate:*
Plant and equipment	8 to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserves relating to that asset are transferred to retained earnings.

d. Financial instruments

Initial recognition and initial measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets either designated as such or that are not classified in any of the other categories of financial assets due to their nature. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period.

Impairment

At the end of each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired.

e. Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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.

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 continuing to capitalise costs in relation to that area of interest.
Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

No provision for restoration work has been made at this stage.

f. Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held at call with banks or financial institutions.

g. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Provision for employee benefits is classified under Provisions instead of Trade and Other Payables as per last 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 the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. 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.

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 of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is expensed to the statement of comprehensive income.

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 within the company.

Key estimates – Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Plant and equipment, deferred exploration and evaluation expenditure and financial assets have been reviewed by the company. No impairment losses were taken up for plant and equipment and financial assets for the financial year ended 30 June 2012. A write off of capitalised exploration and evaluation expenditure of $1,147,072 was taken up for the financial year ended 30 June 2012.

Key judgments – Exploration and Evaluation Expenditure

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $8,210,108.

p. New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The company has decided not to early adopt any of the new and amended pronouncements and do not expect the adoption of these standards to have any significant impact on the reported position or performance of the company.

	NOTE	2012 $	2011 $
NOTE 2: REVENUE			
Non-operating activities			
Interest received	**2a**	**917**	4,456
Joint venture administration fees		**7,053**	5,016
Gain on disposal of non-current investments		**-**	44,362
Total revenue		**7,970**	53,834
a. Interest revenue from:			
- other persons		**917**	4,456
Total interest revenue		**917**	4,456

NOTE 3: LOSS FOR THE YEAR

a. Expenses

	2012 $	2011 $
Depreciation of non-current assets:		
- plant and equipment	**1,453**	2,117
Rental expense on operating leases:		
- minimum lease payments	**50,256**	48,323

b. Significant Expenses

The following significant expense item is relevant in explaining the financial performance:

	2012 $	2011 $
Write off of capitalised exploration expenditure	**1,147,072**	-

	2012 $	2011 $
NOTE 4: 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% (2011 – 30%)	**(507,801)**	(119,006)
Income tax expense (benefit) arising from profit (loss)	**(507,801)**	(119,006)
Benefit of tax loss not brought to account	**507,801**	119,006
Income tax expense attributable to company	**-**	-

As at the end of the reporting period, the company has carry-forward tax losses of $17,360,902. The potential net future tax benefits have not been brought into account.

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; and
(c) no change in tax legislation adversely affects the company in realising the benefit.

	2012 $	2011 $
NOTE 5: AUDITORS' REMUNERATION		
Remuneration of the auditor of the company for:		
- auditing or reviewing the financial report	**27,400**	18,000

NOTE 6: EARNINGS PER SHARE

a. Reconciliation of earnings to profit or loss

Loss	**(1,692,672)**	(396,689)
Loss attributable to non-controlling equity interest	**-**	-
Earnings used in the calculation of basic and dilutive earnings per share	**(1,692,672)**	(396,689)
	No of shares	No of shares
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	**149,851,044**	122,988,715
c. Effect of dilutive securities:		
Share options	**35,800,000**	25,500,000
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share	**186,651,044**	148,488,715

NOTE 7: TRADE AND OTHER RECEIVABLES

	Note	2012 $	2011 $
CURRENT			
Security deposits		**70,567**	69,741
Goods & services tax receivable		**17,494**	10,884
	7a	**88,061**	80,625
NON-CURRENT			
Security deposits		**12,608**	12,608
	7a	**12,608**	12,608

Current security deposits are mining bonds and have a floating interest rate, which has averaged 3.8% for the year (2011 – 6.3%). Non-current security deposits are non-interest bearing.

a. Financial assets classified as trade and other receivables (refer **Note 18**).

NOTE 8: FINANCIAL ASSETS

NON-CURRENT	2012 $	2011 $
Available for sale financial assets:		
Shares in listed corporations – at fair value	**50,213**	543,114
Shares in unlisted corporation – at cost	**30,827**	30,827
	81,040	573,941

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 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. No intention to dispose of any unlisted available-for-sale financial assets existed at the end of the reporting period.

NOTE 9: PLANT AND EQUIPMENT

	2012	2011
Plant and Equipment		
At cost	**99,069**	99,069
Accumulated depreciation	**(95,446)**	(93,993)
Total Plant and Equipment	**3,623**	5,076

Reconciliation

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year:

	2012	2011
Carrying amount at the beginning of the year:	**5,076**	6,041
Additions	**-**	1,152
Depreciation expense	**(1,453)**	(2,117)
Carrying amount at the end of the financial year	**3,623**	5,076

	2012 $	2011 $
NOTE 10: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE		
NON-CURRENT		
Exploration expenditure capitalised:		
- exploration and evaluation phases	**8,210,108**	8,880,254
Reconciliation		
Capitalised expenditure in respect of areas of interest at beginning of the year	**8,880,254**	8,485,445
Additions	**476,926**	394,809
Write off of capitalised exploration expenditure	**(1,147,072)**	-
	8,210,108	8,880,254

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

Capitalised costs amounting to $476,926 (2011: $394,809) have been included in cash flows from investing activities in the statement of cash flows.

NOTE 11: TRADE AND OTHER PAYABLES	**Note**		
CURRENT			
Unsecured liabilities			
Sundry payables and accrued expenses		**114,978**	67,072
Loan payable		**120,000**	-
	11a	**234,978**	67,702

a. Financial liabilities at amortised cost classified as trade and other payables (refer **Note 18**).

NOTE 12: PROVISIONS		
CURRENT		
Employee Benefits	**48,965**	27,032

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave.
The measurement and recognition criteria relating to employee benefits have been included in Note 1(i).

NOTE 13: ISSUED CAPITAL

	2012 $	2011 $
a. Ordinary shares fully paid		
Balance at beginning of year	**22,478,060**	21,892,160
Issued shares	**368,000**	617,500
Transaction costs	**(22,080)**	(31,600)
Balance at end of year	**22,823,980**	22,478,060
b. Movements in ordinary shares on issue		
	No.	No.
At the beginning of the financial year	**141,872,962**	123,372,962
Shares issued	**16,000,000**	18,500,000
At end of the financial year	**157,872,962**	141,872,962

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 2012, the details of options issued are as follows:

Number of options	Exercise price per option	Expiring on or before
7,500,000	4 cents	1 September 2012
7,000,000	3.8 cents	15 April 2014
28,000,000	2 cents	15 November 2014

7,000,000 options with an exercise price of 10 cents expired on 7 October 2011.
4,000,000 options with an exercise price of 30 cents expired on 30 November 2011.

e. Capital Management

The directors control the capital of the company in order to ensure that adequate cash flows are generated to fund its operations and continue as a going concern.
The company's capital includes ordinary share capital, supported by financial assets.
There are no externally imposed capital requirements.
The directors effectively manage the company's capital by assessing the company's financial risks and responding to changes in these risks. These responses include share issues.
There have been no changes in the strategy adopted by management since the prior year.

NOTE 14: ACCUMULATED LOSSES

	2012 $	2011 $
Balance at the beginning of the financial year	**(13,127,402)**	(12,730,713)
Loss attributed to the members of the company	**(1,692,672)**	(396,689)
Balance at end of the financial year	**(14,820,074)**	(13,127,402)

NOTE 15: RESERVES

	2012 $	2011 $
Financial Asset Revaluation Reserve		
The financial asset reserve records revaluation of financial assets	**100,232**	173,939
Share Based Payments Reserve		
Balance at the beginning and end of the financial year	**133,000**	133,000
	233,232	306,939

The share based payments reserve comprises the value of options granted calculated at grant date using a Black-Scholes model. The options expired on 30 November 2011. No further options were granted as share based payments in the 2012 financial year.

NOTE 16: EXPENDITURE COMMITMENTS

Lease expenditure commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

	2012 $	2011 $
Payable		
- not later than 12 months	**-**	50,256
- between 12 months and 5 years	**-**	106,624
- greater than 5 years	**-**	-
	-	156,880

The lease on the office premises expired on 30 June 2012. At the date of this report, the lease has not been renewed.

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.

NOTE 17: CASH FLOW INFORMATION

	2012 $	2011 $
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	**(1,692,672)**	(396,689)
Non-cash flows:		
- Depreciation	**1,453**	2,117
- Net loss (gain) on disposal of financial assets	**97,964**	(44,362)
- Write off of capitalised exploration expenditure	**1,147,072**	-
Changes in assets and liabilities:		
- Increase in other receivables	**(7,436)**	(1,381)
- Increase in sundry payables and accrued expenses	**47,906**	798
- Increase in provisions	**21,933**	8,793
Cash flow from operations	**(383,780)**	(430,724)

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 statement of financial position as follows:

- Cash and cash equivalents	**125,641**	199,197

NOTE 18: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits at bank, receivables and payables, and available for sale financial assets.

The company does not have any derivative instruments at the end of the reporting period.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

	Note	2012 $	2011 $
Financial Assets			
Cash and cash equivalents	**17b**	**125,641**	199,197
Trade and other receivables	**7a**	**100,669**	93,233
Available for sale financial assets	**8**	**81,040**	573,941
		307,350	866,371
Financial Liabilities			
Trade and other payables	**11a**	**234,978**	67,072
		114,978	67,072

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the directors on a regular basis. These include credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The company does not have fixed rate financial instruments at the end of the reporting period. It only manages floating rate financial instruments.

Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities and exploration expenditure. The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are maintained During the 2012 year, the company raised funds through private share placements by issuing ordinary shares.

NOTE 18: FINANCIAL RISK MANAGEMENT (continued)

Financial liability and financial asset maturity analysis

The tables below reflect an undiscounted contractual maturity analysis for financial instruments.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Maturing with 1 Year		**Maturing 1 to 5 Years**		**Total**	
	2012	2011	**2012**	2011	**2012**	2011
	$	$	**$**	$	**$**	$
Financial Assets:						
Cash	**125,641**	199,197	**-**	-	**125,641**	199,197
Receivables & others	**17,494**	10,884	**-**	-	**17,494**	10,884
Security deposits	**70,567**	69,741	**12,608**	12,608	**83,175**	82,349
Available for sale financial assets	**81,040**	573,941	**-**	-	**81,040**	573,941
Total anticipated inflows	**294,742**	853,763	**12,608**	12,608	**307,350**	866,371
Financial Liabilities:						
Sundry payables and accruals	**114,978**	67,072	**-**	-	**114,978**	67,072
Loan payable	**120,000**	-	**-**	-	**120,000**	-
Total expected outflows	**234,978**	67,072	**-**	-	**234,978**	67,072
Net inflow on financial instruments	**59,764**	786,691	**12,608**	12,608	**72,372**	799,299

Credit Risk

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

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.

Net Fair Value

The net fair values of listed investments have been valued at the quoted market bid price at the end of the reporting period, 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.

Sensitivity Analysis

The effect on the company's results and equity at 30 June 2012 from exposure to interest rates risk at the end of the reporting period would not be material.

NOTE 19: KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to any member of the company's key management personnel for the year ended 30 June 2012.

NOTE 20: 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.

NOTE 21: SEGMENT INFORMATION

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

NOTE 22: EVENTS AFTER THE REPORTING PERIOD

On 7 September 2012, shareholders authorised the company to issue up to a maximum of 100 million ordinary shares at 5 cents per share to raise $5,000,000.

The company further received a Notice of Exercise in respect of 5,750,000 options (out of a total of 7,000,000 options which expired on 1 September 2012). The exercise price was 4 cents per share and this has injected $230,000 of additional funds into the company. The balance of 1,750,000 options were not exercised and have expired.

10. DIRECTORS DECLARATION

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes of the company as set out on pages 7 to 26, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the company;

2. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2012, and

3. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Brian Gomez
Director

Dated this 28th day of September 2012
Sydney

Priestley &Morris
Chartered Accountants

INDEPENDENT AUDIT REPORT
TO THE MEMEBERS OF GATEWAY MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Gateway Mining Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration for Gateway Mining Limited at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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. Those 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.

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 judgment, 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 company's preparation 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 company'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 have complied with the independence requirements of the Corporation Act 2001. We confirm that the independence declaration required by the Corporation Act 2001 was provided to the directors of Gateway Mining Limited on the same date of this auditor's report.

11. INDEPENDENT AUDIT REPORT

Auditor's 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 2012 and of its performance for the year ended on that date; and

ii. complying with Accounting Standards in Australia and Corporations Regulations 2001;and

2. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included on page 4 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the remuneration report of Gateway Mining Limited for the year ended 30 June 2012, complies with s 300A of the Corporations Act 2001.

Priestley & Morris

Priestley & Morris
Chartered Accountants

PA Cordwell

P A Cordwell
Partner

Dated this 28th day of September 2012

Priestley & Morris - ABN: 51 502 720 047

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13. SHAREHOLDER INFORMATION

a. Voting Rights

The total number of shareholders was 1,098 and each share carried one vote in person, by proxy or poll.

b. Distribution of Shareholders by Number

Category (size of Holding)	Ordinary
1-1,000	228
1,001-5,000	287
5,001-10,000	140
10,001 -100,000	333
100,001 -and over	110
Total	1,098

c. Number of shareholdings held in less than marketable parcels is 518.

d. Names of the substantial shareholders are:

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
Citigold Corporation Limited	56,744,321	34.04

e. 20 Largest Shareholders - Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
1	Citigold Corporation Limited	56,744,321	34.04
2	Citicorp Nominees Pty Limited	7.260.000	4.35
3	Chi Hung Wong	6.400.000	3.84
4	Zihong Chen	6.000.000	3.60
5	Farrington Corporate Services Pty Ltd	5.941.253	3.56
6	Belfort Investment Advisors Limited	5.839.237	3.50
7	Bikini Atoll Investments Pty Limited	4.439.872	2.66
8	Great Pacific Investment Pty Limited	3.500.000	2.10
9	Soon Keng Wee	3.500.000	2.10
10	Goh Ping Wong	3.500.000	2.10
11	Rachel Wong	3.042.750	1.83
12	Lan Lim	3.000.000	1.80
13	Great Pacific Custodian Pty Ltd	2.825.000	1.69
14	Brynwilliams Pty Limited	2.120.000	1.27
15	Edith Wong	2.000.000	1.20
16	Drs Diwan Pty Ltd<Yaad Super Fund A/C>	1.625.000	0.97
17	Mayfair Far East Ltd	1.071.479	0.64
18	Mrs Diedre Mae Freyberg	1.000.000	0.60
19	JVR Resources Pty Ltd	1.000.000	0.60
20	Roseanne M Lowry + Tim Lowry	1.000.000	0.60
	TOTAL	121.808.912	73.05

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), Mark Lynch, 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.

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.