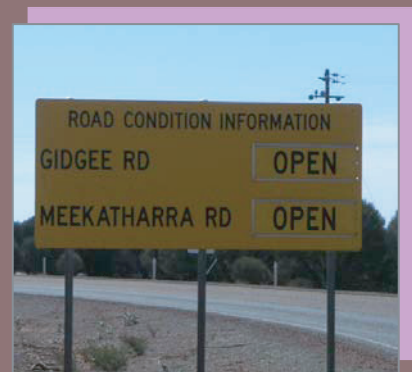


# GATEWAY MINING NL



# ANNUAL REPORT 2005



## 1. DIRECTORY

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### DIRECTORS

**Brian Gomez**  
Chairman  
B Sc (Earth Sciences)  
FAICD

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

**Brian Thornton**  
B Ec, A.S.I.A

### COMPANY SECRETARY

**Anthony deGovrik** LL.B

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**Steven Lian**  
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**Simon Taylor**  
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B Sc (Geology), MAIG

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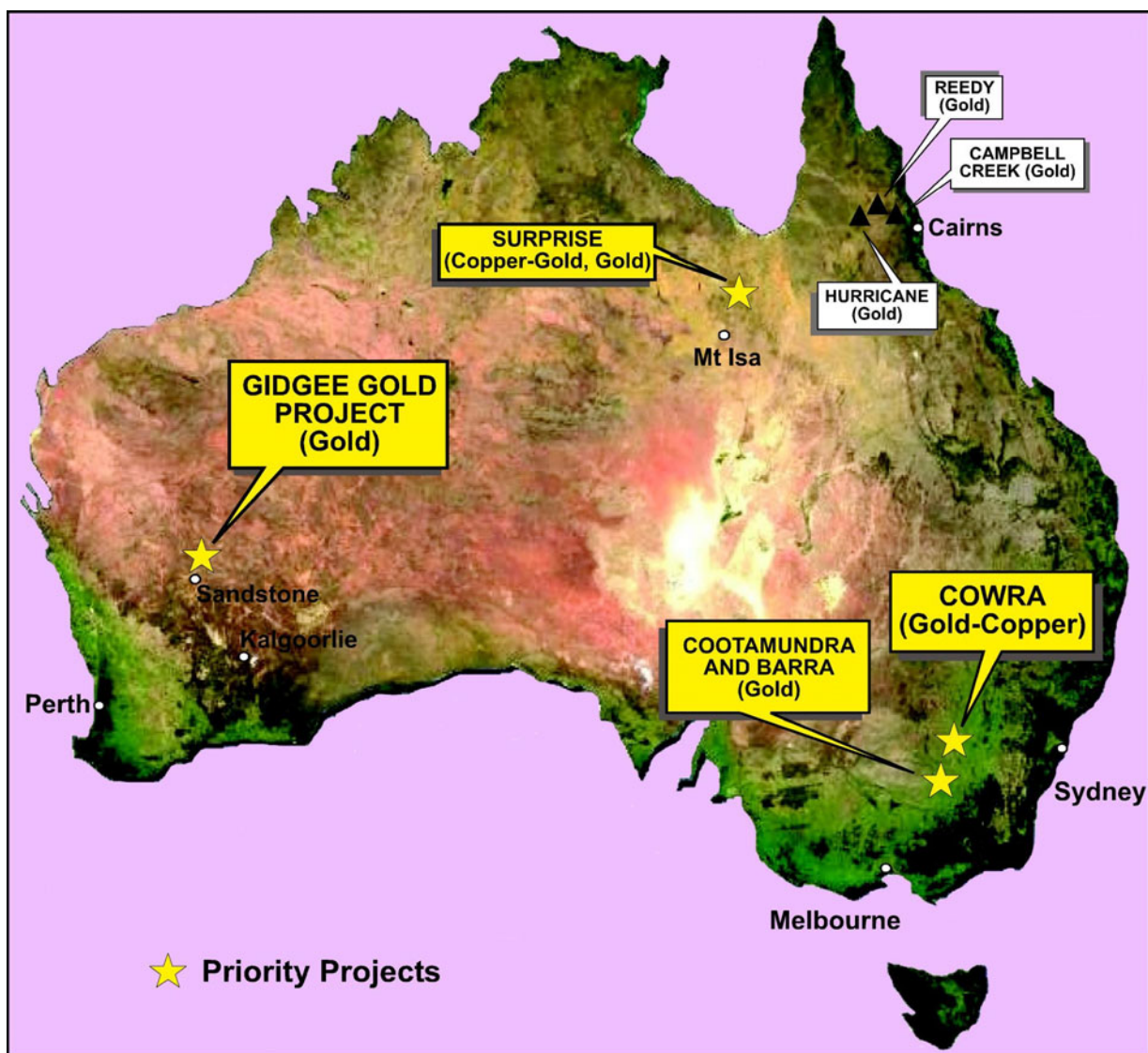
**Geeland Pty Ltd**  
**Simon Taylor**  
6 Fay Street  
NORTH CURL CURL NSW  
2099

**Alan Pellegrini**  
12 Holland Street  
WEMBLY WA 6014

### AUSTRALIAN STOCK EXCHANGE

Ordinary Shares	GML
Options	GMLO

## 2. CHAIRMAN'S REPORT



Gateway Mining has just completed a very successful year with significant exploration progress at its flagship Gidgee Project and funding by its joint venture partner of its prime Lachlan Fold Belt copper-gold project at Cowra in New South Wales.

The company is now ideally positioned in what could be described as the best gold market Australia has seen for more than 18 years, with one of the strongest tenement positions in the prolific Gidgee gold belt of Western Australia.

The Gidgee area has produced in excess of 1.5 million ounces of gold with more than 100,000 ounces coming from Gateway's Montague leases.

We are also encouraged that Australia's newest gold mine, Troy Resources 600,000 ounce Lord Henry project, 50 km to the south once again confirms the prospectivity of the region.

Nearly all of Gateway's exploration to date at Gidgee has focused on the discovery of shallow gold deposits that could be viably mined and generate cash flows. That effort has been rewarded with the new discovery, Julia's Fault which is shaping up as a potentially large but low grade deposit. The current high gold price is highly conducive for development of such discoveries.

In addition a higher-grade parallel structure along the Airport trend at the nearby Rosie North prospect, will be subject to more drilling along with numerous other targets.

## 2. CHAIRMAN'S REPORT

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Native title issues caused work to be stalled for a considerable period in the highly prospective Victory Creek area, but resolution of the native title question has enabled Gateway to begin serious exploration work. Significant geochemical and magnetic targets that are under 20 to 30 metres of cover have been revealed and will be more closely investigated.

Recent structural geological interpretations of areas under our control, aided by drilling data as well as magnetic and gravity surveys, has shown that our extensive Gidgee leases could host prospective targets continuing to depths of more than a kilometre below the surface.

As we work towards proving up resources at Julia's Fault and Rosie North, where the strike length of the gold anomaly is already some 300 metres, Gateway is also planning some strategic deeper drilling with the aim of discovering relatively large gold deposits.

We are also reviewing base metal data for the area, which includes results from drilling carried out by CRA Exploration in the mid to late 1980s when several SIROTEM anomalies were delineated.

Gateway remains convinced that the Gidgee project is a company maker with the potential for a multi million ounce discovery on our 400 km<sup>2</sup> tenement package.

Moving to the east of Australia, our farm-in partner at our highly prospective copper-gold project at Cowra in New South Wales, Goldminco Corporation, has been faced with inclement weather conditions and restrictive access due to wheat crops but is now poised to carry out the drilling of several magnetic skarn gold targets.

In Queensland our Hodgkinson leases have been farmed out to Republic Gold Ltd under favourable terms. We will retain a 6% free carried interest in four projects and when a decision to mine is reached, Gateway can elect to contribute or dilute to a 2.6% share and contribute or receive a 0.6% net smelter royalty.

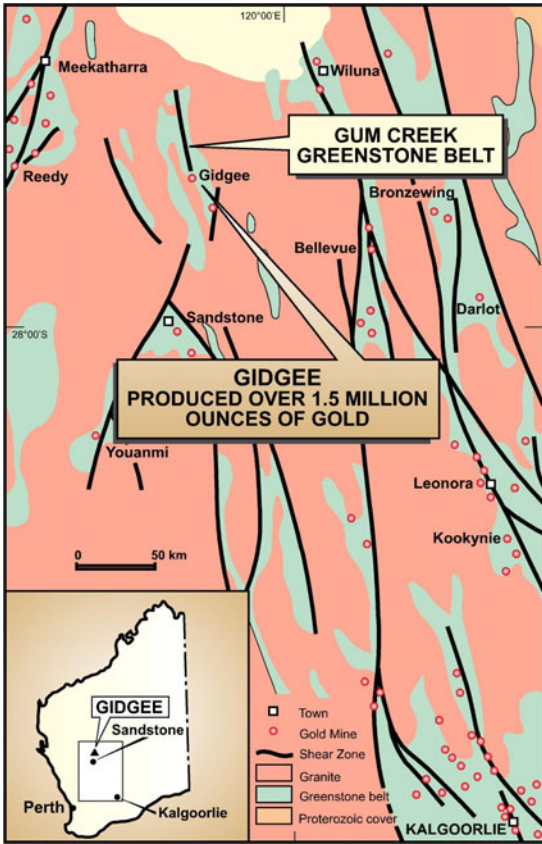
Your directors consider that 2005 has been a watershed year for the company and are excited about our forthcoming drilling programs.

We remain optimistic about the prevailing price of gold and expect that gold prices will strengthen further, eventually translating into significant gains for shareholders, as the inherent value of our key prospects are unlocked.



**Brian Gomez**  
*Chairman*

GIDGEE GOLD PROJECT



Located 630 kilometres northeast of Perth within the Gum Creek Greenstone Belt W.A, the Gidgee Gold Project is Gateway’s most advanced project.

The Belt has produced in excess of 1.5 million ounces of gold. Gateway now controls approximately an area of 400 square kilometres with tenement equity interests ranging from 75% to 100%. These include major prospects at Montague and in particular the Airport and under explored Victory Creek area.

During the course of the year the company completed programs of ground gravity, ground magnetics and multi-element analysis. Results of this data and historical drilling enabled detailed geological interpretations of both the Barrelnaker and Montague project areas to be completed.

Based on this work a further 15,500 metres of drilling was completed for the year. This was comprised of 13,271 metres of rotary airblast (RAB) and 2,514 metres of reverse circulation (RC) drilling, results of which have been highly encouraging.

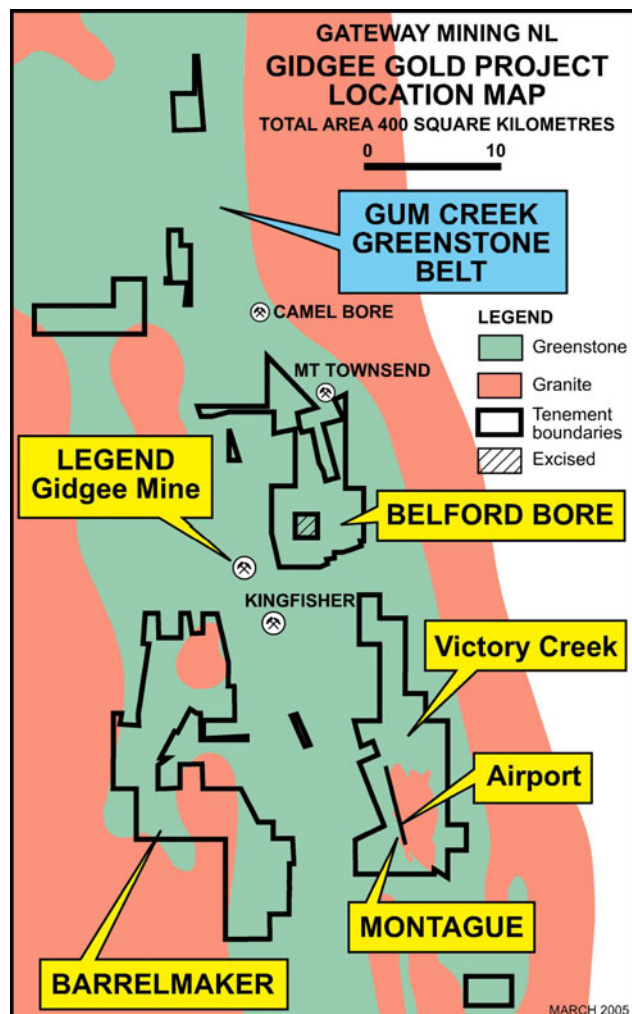
Gateway has discovered virgin mineralisation at Victory Creek under 20-30 metres of transported cover, Julia’s Fault, Two Dogs and Hypotenuse.

The company believes the Gidgee Project and in particular the Montague area is largely under explored below a depth of 50 metres.

*Only 24% of drill holes have tested below 50 metres depth whilst only 2% of drilling has tested below 100 metres depth.*

To help in target generation the company is completing 3D Modelling of gravity and magnetic data to assist in deeper drilling targets that will be tested in the year ahead.

A summary of results for the year follows.

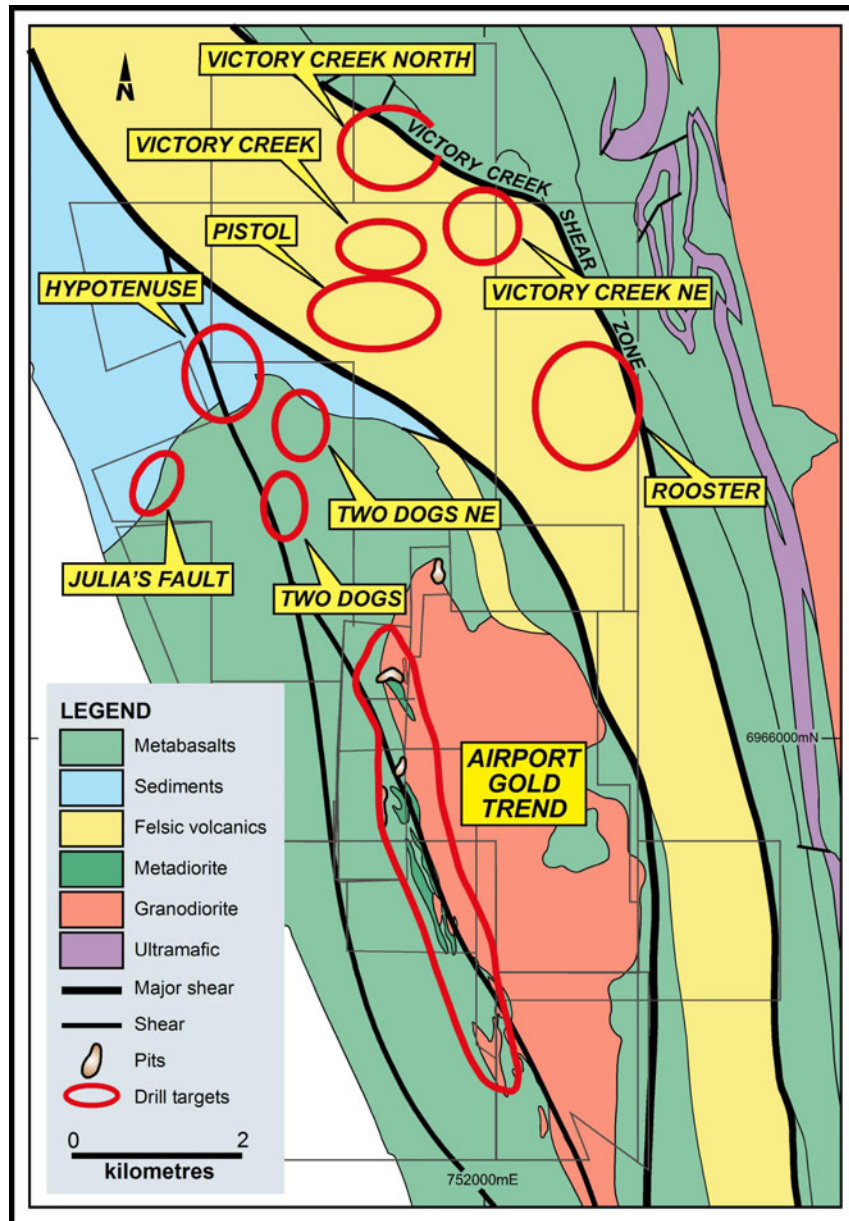


**MONTAGUE**

Gateway 75%-100%

Detailed geological interpretations combining gravity, magnetics, geochemistry and multi-element data has outlined numerous drilling targets along the *Airport Gold Trend* and within the *Victory Creek* area to the north.

During the year further high-grade gold structures have been intersected at Airport at the Rosie North prospect and regional RAB drilling results continue to produce highly gold anomalous trends that warrant deeper drilling.



**MONTAGUE  
SIMPLIFIED GEOLOGY & DRILLING TARGETS**

New bedrock gold discoveries have been made within Victory Creek at Two Dogs and Julia's Fault. Julia's Fault is particularly exciting, as it is located at the southern end of a 4.5 kilometre long structure extending northwards to Victory Creek. Numerous targets along this trend are yet to be tested.

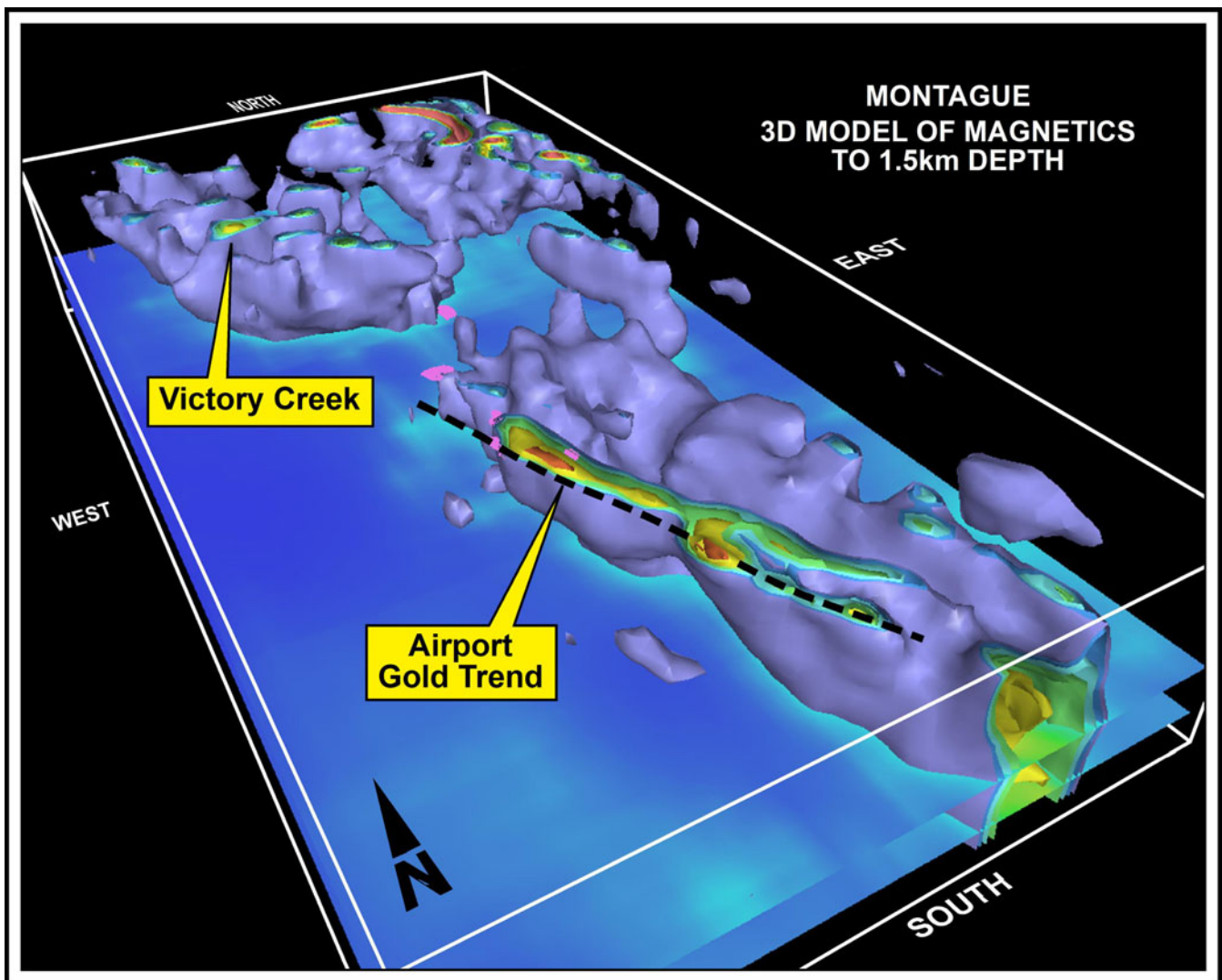
### AIRPORT TARGETS

Gateway 85%, Herald Resources 15%

### ABOUT AIRPORT

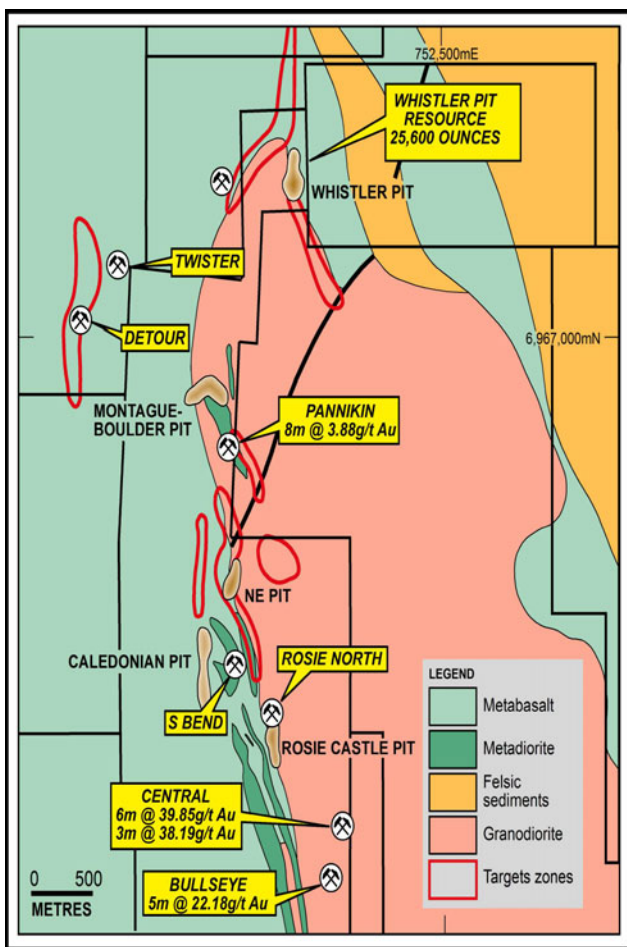
Located on the western edge of the Montague granodiorite, the Airport area has produced over 100,000 ounces of gold from 5 shallow (50 metres) open pit mines. Four of the five open pits mined in the late 1980's are located along the granodiorite basalt contact zone.

Drilling by Gateway within the granodiorite has discovered high-grade shoots (up to 5 ounces gold) at Central and Bullseye whilst within the basalts high-grade veins to 24 g/t gold have been intersected at Rosie North and S Bend.

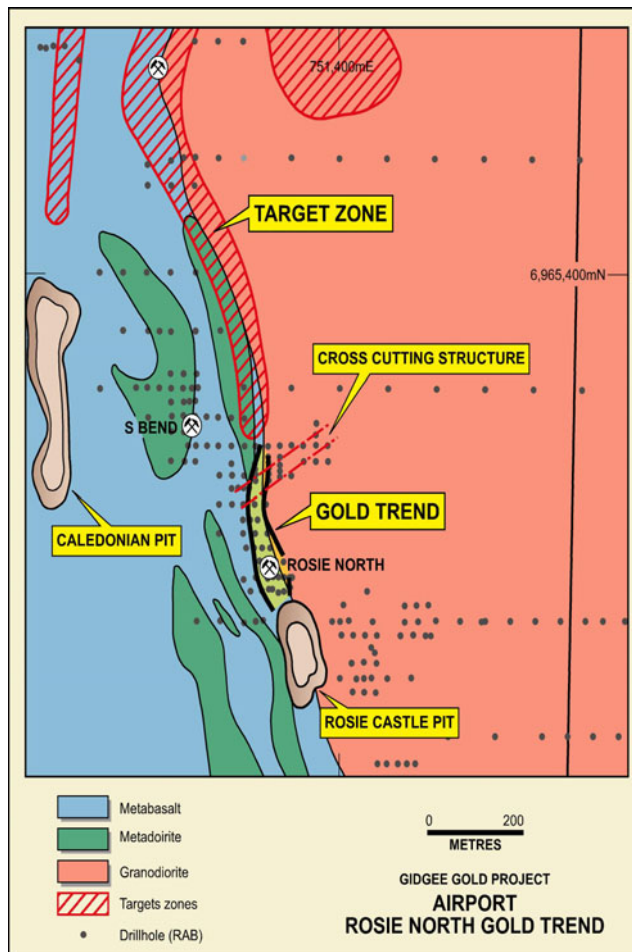


### ROSIE NORTH

At Rosie North gold mineralisation has been intersected along the contact zone over a length of 300 metres with the most northern hole intersecting grades of up to 28-g/t gold. Drilling successfully intersected a high-grade quartz reef located at the northern end of the Rosie North granodiorite basalt contact zone where earlier drilling by Gateway reported up to 24-g/t gold.



AIRPORT GOLD TARGETS



Drilling was successful in intersecting high-grade gold mineralisation at the base of a wide zone of quartz veining. Hole GRC177 returned 2 metres @ 13.58 g/t gold from a depth of 87 metres downhole.

The hole then intersected the basalt contact zone at a depth of 150 metres that was highly anomalous in gold returning 19 metres @ 0.36g/t gold with the hole being abandoned in mineralisation due to sampling problems.

Drilling has confirmed the high-grade reef is a steeply east dipping hanging wall structure that appears to be linked to the moderately dipping main contact zone.

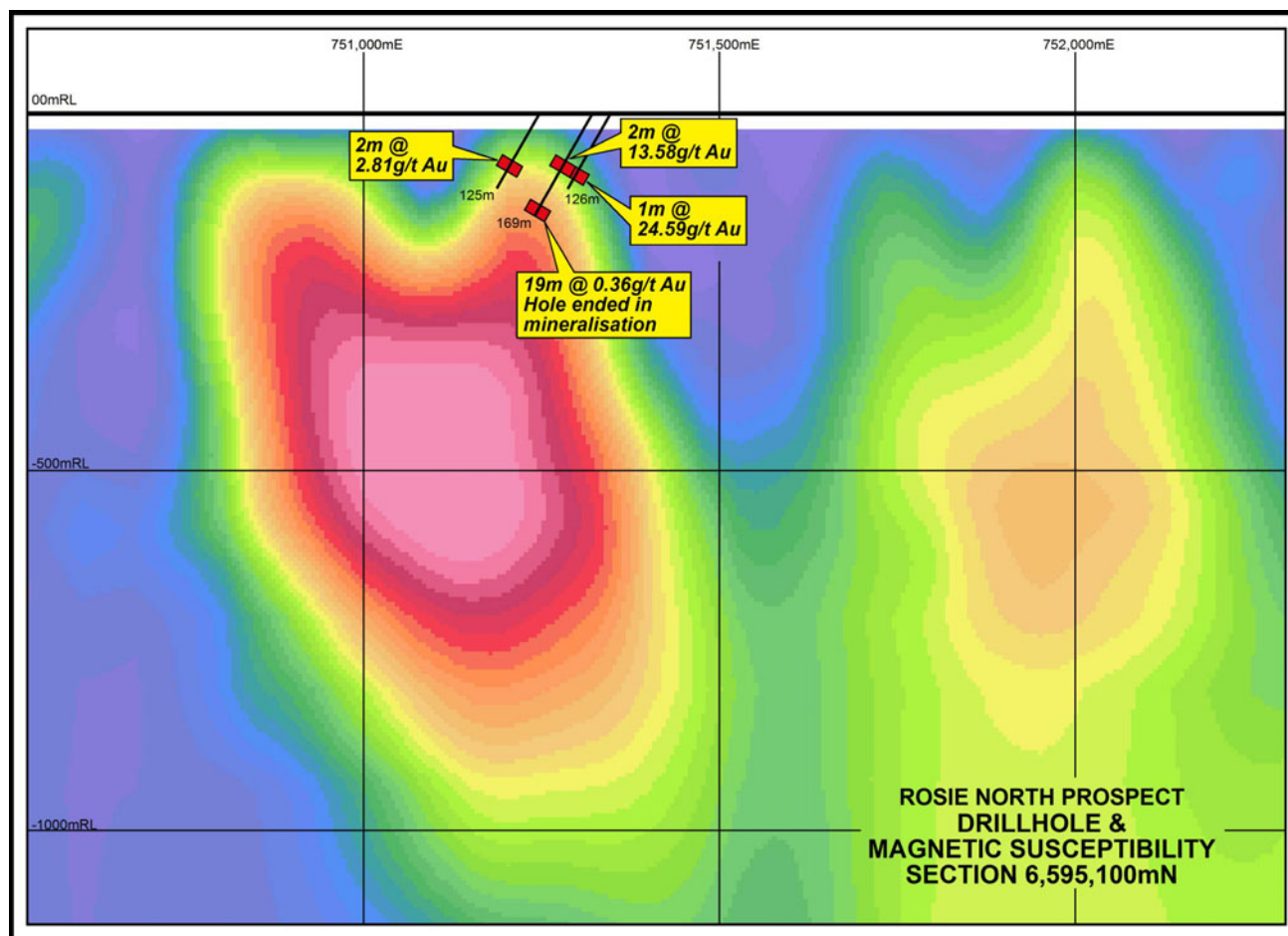
This structure and other foot wall structures need to be further tested and in particular where they intersect the irregular granodiorite basalt contact zone.

This target model may contain blind high-grade gold mineralisation at depth. Gateway will drill test this zone with deeper drilling in its next program.

### ROSIE CROSS LODGE

Drilling to the north east of the Rosie North trend intersected significant quartz veining and strong gold anomalism. Better intersections include 5 metres @ 3.07 g/t gold and 5 metres @ 3.48 g/t gold.





### ROSIE CASTLE

One hole to a depth of 177 metres tested the depth extensions to the mined Rosie Castle pit that is located on the basalt- granodiorite contact. A hangingwall structure within the granodiorite returned 5 metres @ 2.59 g/t gold. The basalt contact was not intersected suggesting the structure steepens at depth.

### ROSIE EXTENDED

Magnetics suggest a further 400 metre long target zone extends to the north of Rosie North and remains largely untested. Wide spaced holes drilled on 100 metre line spacing returned moderate gold anomalism up to 0.63g/t gold.

### S BEND SOUTH

Seven holes for 315 metres were drilled to test the southern extension of the known gold mineralisation at S Bend where earlier drilling returned 8 metres @ 3.44 g/t gold that included 2 metres @ 11.49 g/t gold and an intersection of 7 metres @ 2.40 g/t gold. Moderate anomalous gold values of up to 5 metres @ 0.77 g/t gold were returned.

### CENTRAL ZONE

The Central zone comprises a high-grade core over 75 metres in strike length that plunges shallowly to the north. The down plunge potential to the north still needs further testing. Excellent grades have been intersected at Central including 6 m @ 39.85 g/t (includes 1m @ 173.39 g/t), 3 metres @ 14.56 g/t, 2 metres @ 10.14 g/t and 1 metre @ 20.86 g/t gold.

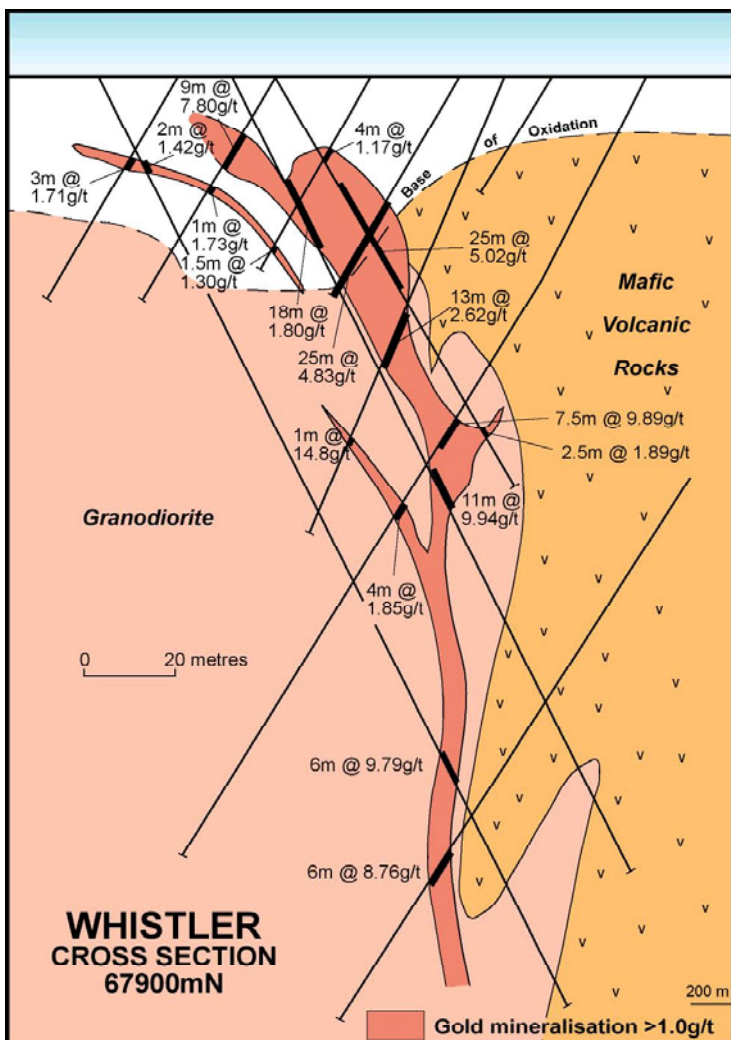
**BULLSEYE**

The Bullseye prospect is located 200 metres to the south west of Central. Drilling has returned 5 metres @ 22.18 g/t and 5 metres @ 3.33 g/t gold within granodiorite hosted quartz-pyrite veining. The Bullseye trend extends northwards for approximately 300 metres within a lower grade halo.

Six holes for 238 metres were drilled to further resolve the geometry of the gold mineralisation at Bullseye. Infill drilling indicates mineralisation dips shallowly to the east rather than the interpreted west direction. Significant intersections included 10 metres @ 2.41 g/t gold and 10 metres @ 1.46 g/t gold.

**WHISTLER**

The company has completed a preliminary estimate of the underground gold resource below the old open Cut Whistler pit.



A diluted, potentially mineable resource\* was estimated using a minimum horizontal width of approximately 2 metres. An Inferred mineable resource in polygons with average grade >3 g/t gold was calculated as:

- 106,000 tonnes @ 7.5 g/t gold (uncut) or approximately 25,000 ounces
- 106,000 tonnes @ 5.7 g/t gold (cut-topcut 15 g/t gold) or approximately 19,500 ounces.

The company continues to investigate additional target zones parallel to the Whistler structure to increase the resource base.

Seven RAB holes tested a north east trending structure 200 metres west of the Whistler structure. Results included anomalous gold grades up to 0.36 g/t.

*\*The resource estimate for Whistler deposit has been undertaken by Mr Gary Brabham of Hellman & Schofield Pty Ltd. Mr Brabham is a corporate member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience 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 1999 release of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Brabham consents to the inclusion of the information in the report in the form and context in which it appears.*

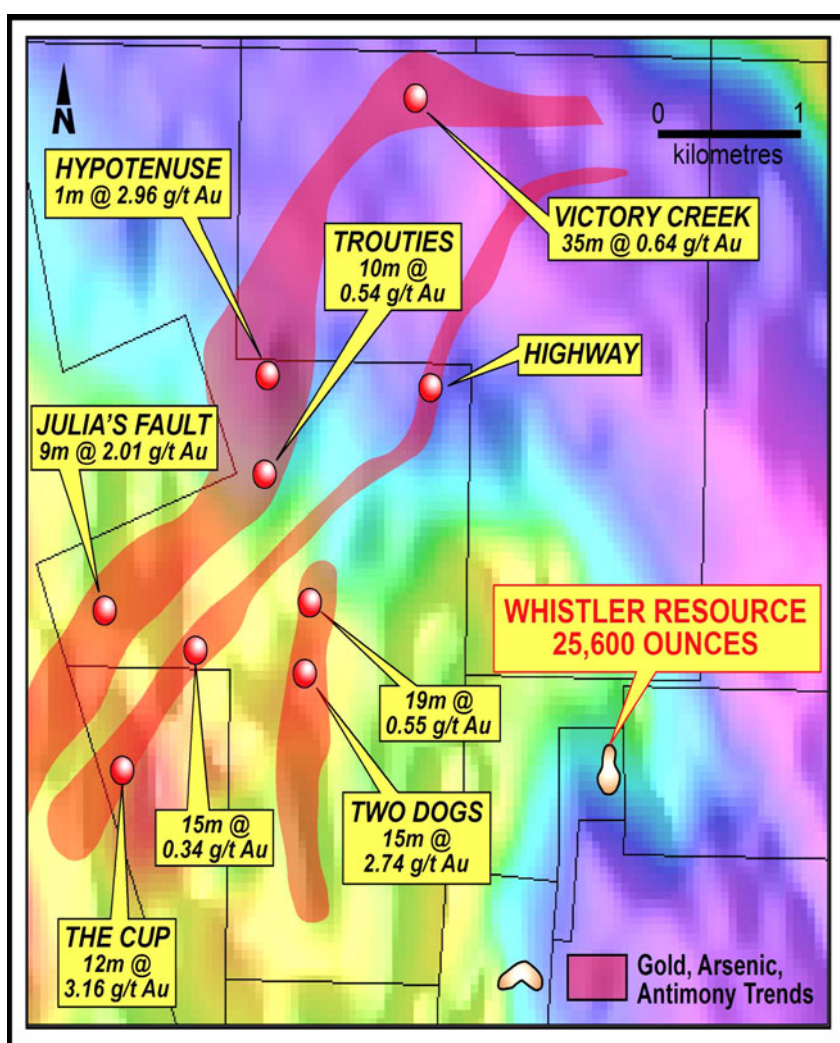
**VICTORY CREEK TARGETS**

Gateway75%, Red 5 -25%

During the year virgin gold discoveries were made at Julia’s Fault and Two Dogs whilst further encouragement was received from Victory Creek and Hypotenuse. RAB and RC drilling continues to test magnetic, gravity and geochemical targets.

Victory Creek is a unique area in that it is covered in up to 20-30 metres of transported cover, is under explored and possesses features that indicate a large multi million ounce gold system may be discovered with further work. As such the company is completing detailed multi element and 3D modelling of gravity and magnetics to aid in delineating large target zones for drill testing at both shallow and deep depths.

Exploration highlights for the year are summarised below.



**VICTORY CREEK  
GOLD-ARSENIC-ANTIMONY TRENDS  
GRAVITY IMAGE BACKGROUND**

**JULIA'S FAULT**

Shallow RAB drilling for geochemistry discovered a gold anomaly at Julia’ Fault with one hole returning 19 metres @ 0.34 g/t gold from a depth of 6 metres down hole. The gold was supported by strong arsenic and antimony anomalism. One RC drill hole to a depth of 123 metres tested below this initial shallow RAB hole and intersected strongly altered metasediments and associated massive to disseminated zones of pyrite containing a gold intersection of 9 metres @2.01 g/t gold.

Julia’s Fault is located at the southern end of a 4.5 kilometre long structure that is highly anomalous in arsenic and antimony extending to Victory Creek. The structure strikes in a north easterly direction and as such crosscuts the general north northwesterly trending stratigraphy.

The gold intersection at Julia’s fault confirms the 4.5 kilometre long structure is gold bearing.

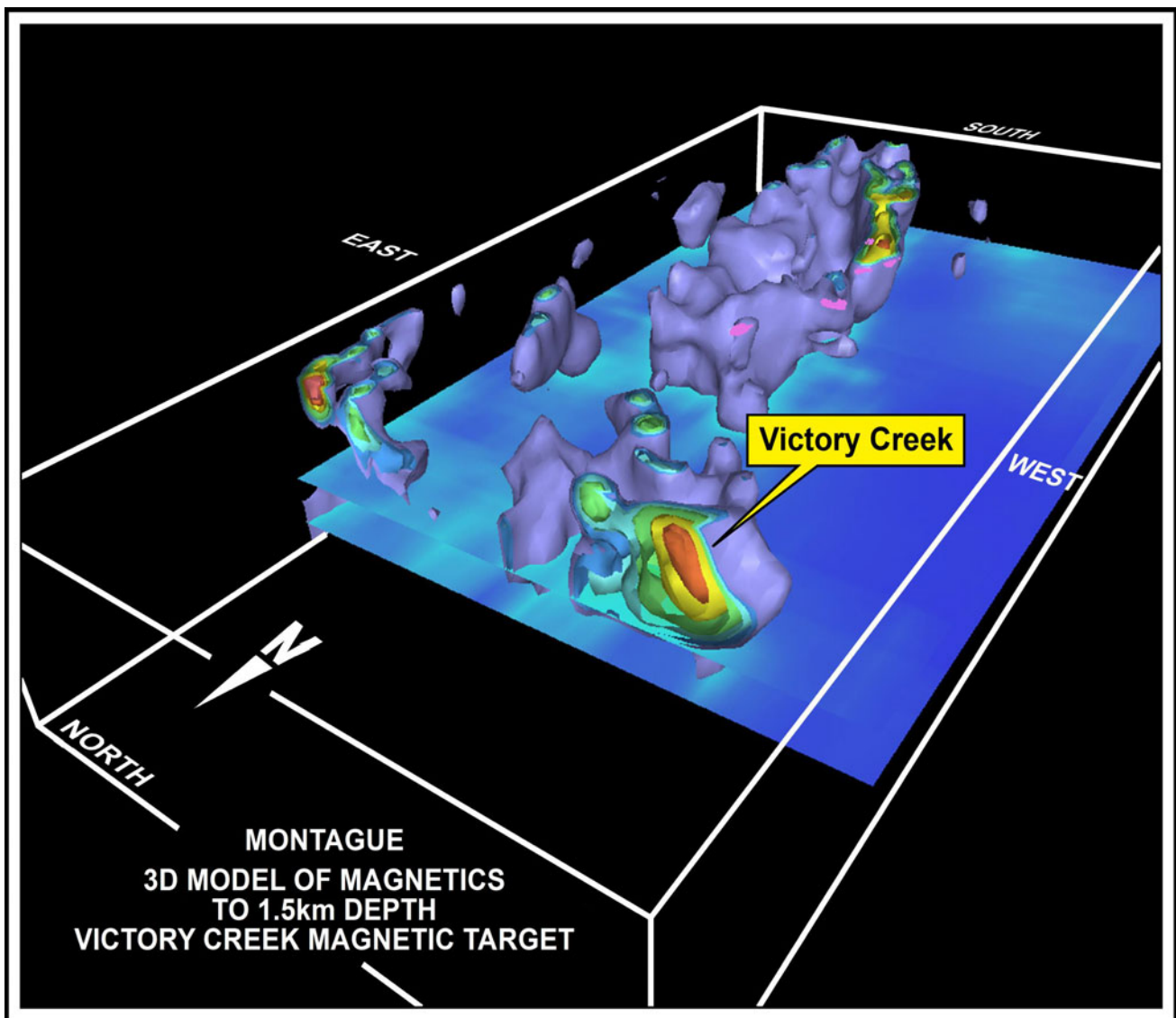
Associated gold mineralisation at The Cup in the south, Hypotenuse and Trouties centrally and Victory Creek to the north all offer encouragement of a significant economic gold discovery being made along this structure. Many targets along this trend are yet to be tested.

**VICTORY CREEK**

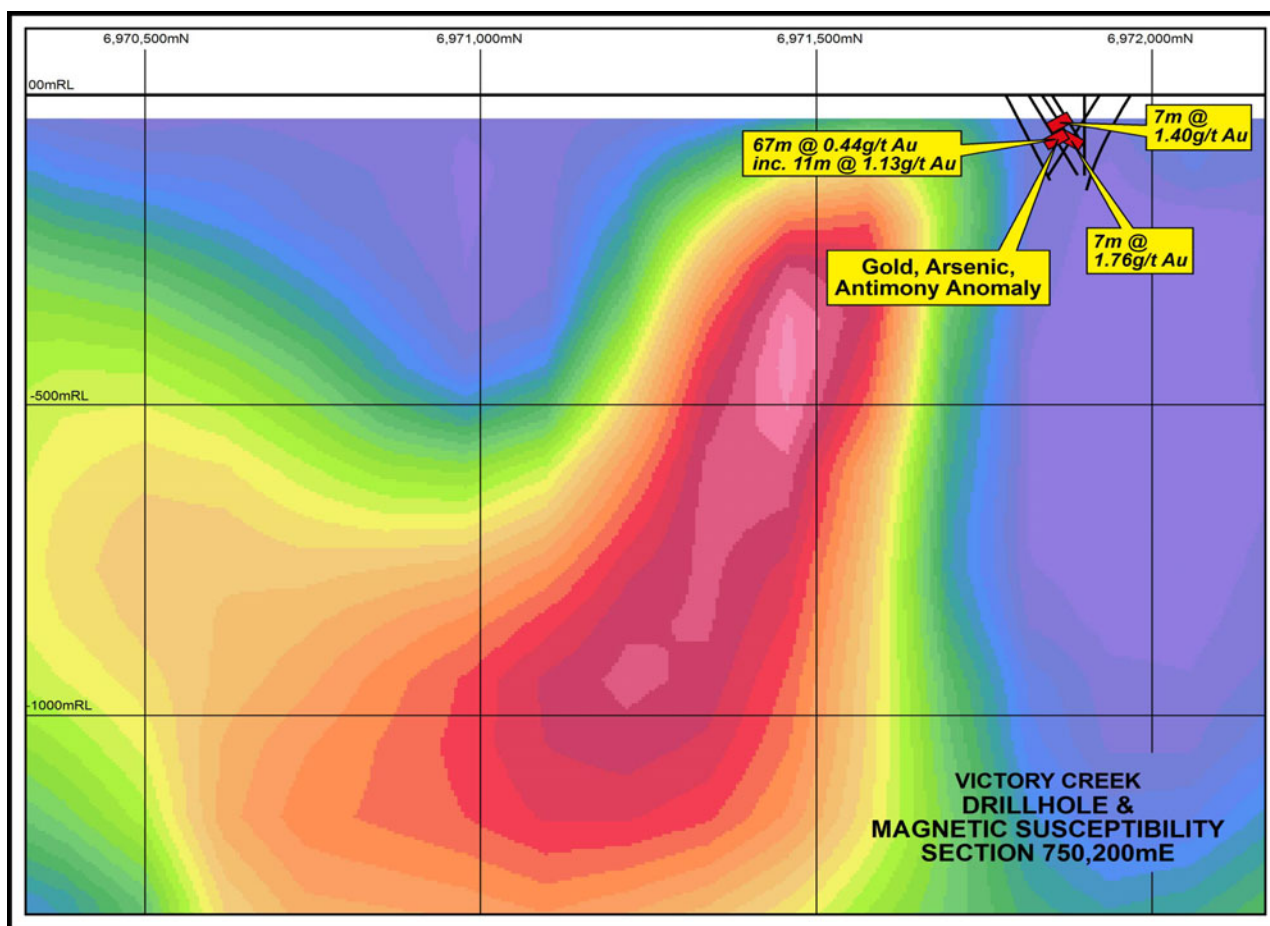
Fourteen holes were drilled at Victory Creek for 1,767 metres. Wide zones of alteration with associated low-grade gold mineralisation were intersected. Holes are generally on 100 metre spaced intervals.

Holes intersected strongly sericitic altered meta sediments with significant disseminated pyrite and arsenopyrite. Gold mineralisation is associated with arsenic up to 14,529ppm and antimony up to 3,346ppm.

The geometry of the mineralisation appears to be east west, however folding of the main mineralised horizon is apparent. The higher grade gold (>1 g/t) mineralisation located to date is proximal to the folding.



The possibility of the fold hinges containing high-grade plunging shoots will be further investigated with drilling. Deeper drilling based on results at 3D modelling of magnetics and gravity is proposed for the coming year. In particular a large magnetic feature located to the south will be tested with reverse circulation drilling.



### HYPOTENUSE

Ferruginous quartz veining within altered sediments was intersected in the most eastern hole of a RAB traverse. The hole returned strong arsenic (6630ppm), anomalous gold (0.15g/t) and antimony (34ppm) below 20 meters of transported cover. This multi-element style is similar to the Victory Creek area. One RC hole (GRC 173) tested below this zone and returned anomalous zones of gold mineralisation including 1 metre @ 2.96 g/t gold and 7 metres @ 0.13 g/t gold within oxidised sediments. Strong arsenic to 13,413 ppm and antimony to 119 ppm was also recorded.

### TWO DOGS

At Two Dogs wide spaced first pass drilling on a large geochemical arsenic trend intersected significant gold mineralisation within sheared and altered metasediments. Hole GRB 3073 returned 24 metres @ 1.87 g/t gold from a depth of 20 metres. A second program of RAB drilling intersected abundant gossanous vein quartz and alteration over a 200 metre zone with anomalous gold values including 17 metres @ 0.54 g/t gold (includes 5 metres @ 1.36 g/t) and 10 metres @ 0.59 g/t.

Significant veining and alteration within sheared sediments was also intersected 200 metres to the south including 15 metres @ 0.42 g/t gold. Highlights of further RAB drilling included hole GRB2226 that returned 29 metres @ 0.51 g/t gold. Two first pass RC holes for 198 metres tested below previous RAB drilling. A best result of 10 metres @ 0.52 g/t gold was returned from hole GRC 175.

The company is encouraged by the results to date. Drilling has now delineated a gold-arsenic geochemical trend extending over 1 kilometre. Two Dogs is a new discovery located beneath 5-8 metre of transported colluvium that has avoided surface detection in the past. Much of the target zone remains to be explored. Results offer good encouragement that a significant blind deposit may be discovered.

### BASE METAL REVIEW MONTAGUE

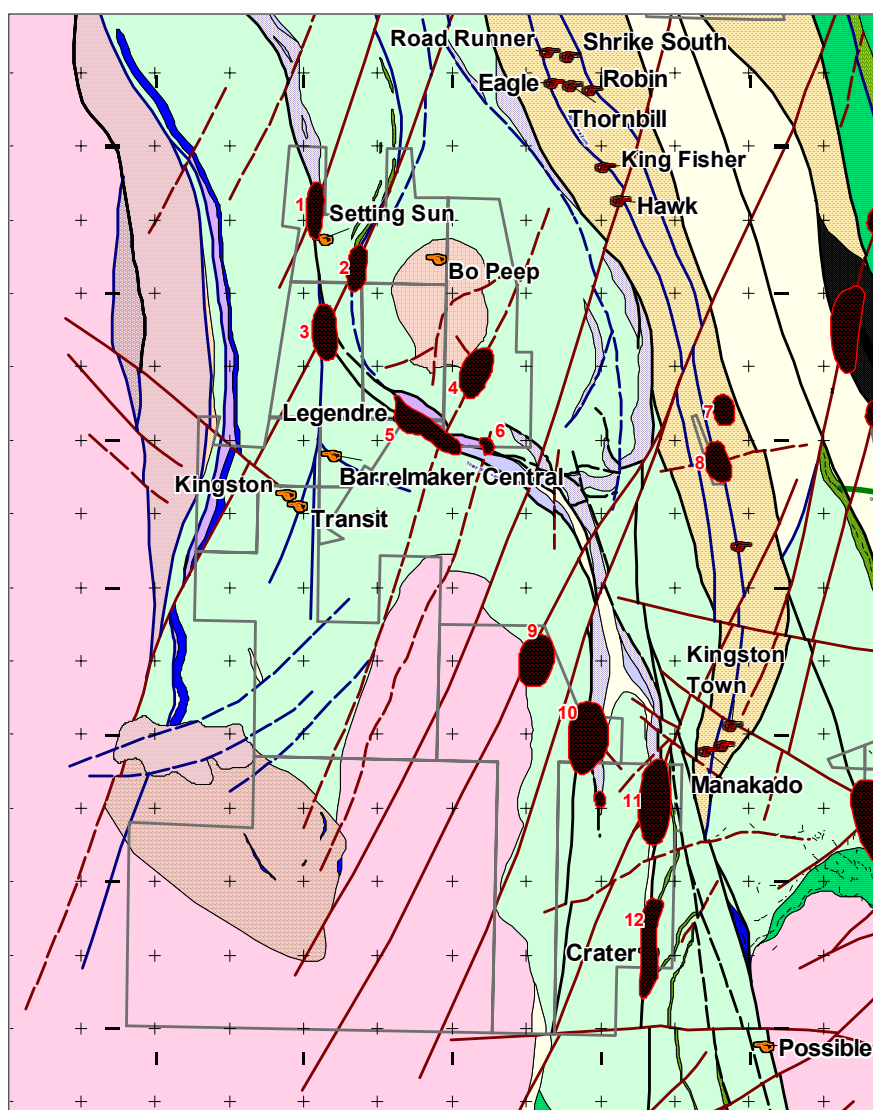
Compilation of previous explorers data for base metals and in particular work completed by CRA in the mid to late 80s has begun.

CRA delineated several SIROTEM anomalies that warrant investigation. These include the Glengyle and Pluto anomalies.

Pluto lies close to the Hypotenuse prospect and may in fact be related to the massive pyrite mineralisation recently intersected at Julia's Fault some 2 kilometres to the southwest. CRA tested Glengyle with one diamond drill hole that intersected thirty metres of massive to laminated sulphides (pyrite, pyrrotite and minor sphalerite). Zinc averaged over 0.12% over the interval with isolated copper reporting up to 0.15%. The anomaly extends for 1.5 kilometres.

### BARRELMAKER

The Barrelmaker project located on the western side of the Gum Creek Greenstone Belt comprises of a highly prospective landholding covering nearly 200 square kilometres. The project contains a large strike length of the under explored Bolger Well shear zone and Bo Peep granodiorite. As well as significant gold potential the project contains significant strike lengths of concealed komatiitic flows with anomalous nickel geochemistry.



Plan showing. Barrelmaker geological interpretation and drilling targets

During the year the company contracted an independent consultant to complete a detailed geological interpretation using surface geochemistry, aeromagnetic data, drilling data and geological mapping.

The interpretation confirmed up to 12 priority gold drill targets as shown in the plan below. Most of these targets have yet to be adequately tested. Some of the targets within tenements that are still under application remain untested. Gateway has discovered numerous bedrock gold discoveries as summarised below.

At **BARRELMAKER CENTRAL** gold anomalism, up to 0.45 g/t gold in surface laterites and underlying bedrock, including 12 metres @ 0.44 g/t gold warrants further drill testing.

The gold anomaly identified within the **LEGENDRE JV** covers an area of 600 x 600 metres. The company believes these results are indicative of a potentially large gold bearing system. Previous RAB drilling results include 10 metres @ 0.53 g/t gold and 20 metres @ 1.75 g/t gold.

Also at Legendre previous RAB drilling by Gateway has delineated ultramafics over a 3.5 kilometre length hidden below transported lateritised cover. The shallow drilling discovered elevated nickel (>0.3%), copper (>900ppm) and platinum (up to 47ppb). An interpretation of airborne magnetics confirms a magnetic high coincident with the ultramafic zone as delineated in the drilling. The zone is open to the south.

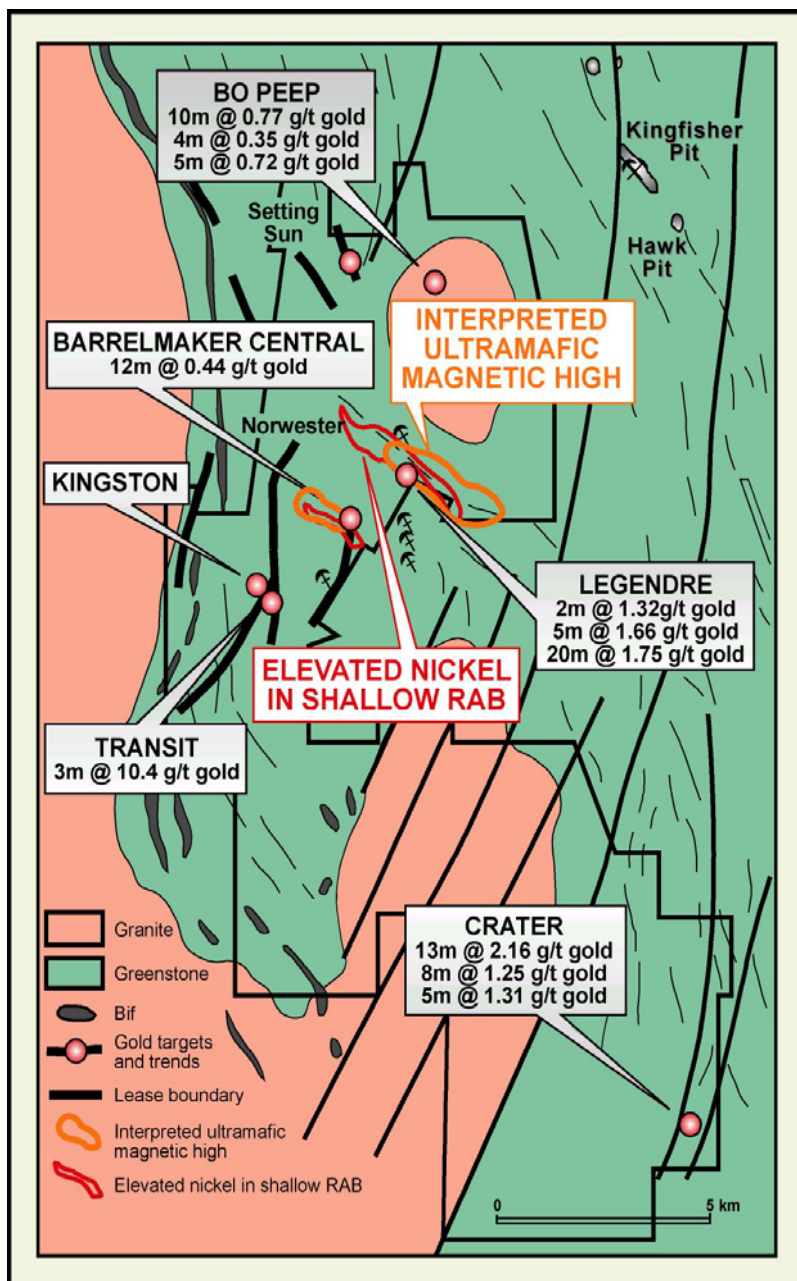
At **KINGSTON** a central core of greater than 0.10 g/t gold surface material in laterites extends over one kilometre. Previous limited shallow drilling on two traverses intersected gold mineralisation and narrow gossanous quartz veining. The Kingston trend requires further testing.

At **TRANSIT** previous RAB drilling intersected gold mineralisation over a strike length of 200 metres. Results included 15 metres @ 2.31 g/t gold. Limited RC drill testing (eight holes) at 50 metres centres over a length of 200 metres penetrated to a maximum vertical depth of 100 metres. Drilling intersected (1-6 metres wide) shallow westerly dipping quartz veins. Results included 1 metre @ 1.24 g/t, 1 metre @ 2.61 g/t, 1 metre @ 6.91 g/t and 2 metres @ 1.44 g/t gold. More drilling is needed to test the Transit area.

At **BO PEEP**, gold anomalism associated with quartz veining within the Bo Peep granite has been returned from drilling. The mineralised trend has an east-west orientation and included 10 metres @ 0.77 g/t and 5 metres at 0.72 g/t gold. More drilling is required to test the zone.

### CRATER

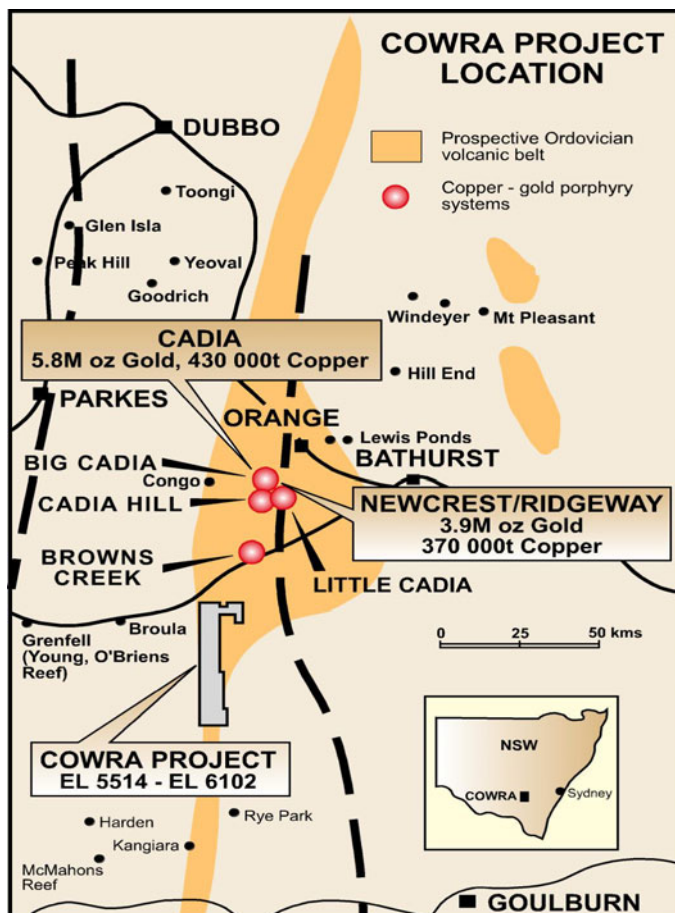
A virgin discovery was announced previously where drilling on one line returned 13 metres @ 2.16 g/t gold. Five RAB holes confirmed a northerly trending arsenic anomaly close to an interpreted mafic-felsic contact.



## COWRA

Gateway Mining 100% , Goldminco Corporation earning 70%

The Cowra Project is located within the Molong volcanic belt in the prospective Lachlan Fold Belt of New South Wales. This region hosts some of the state's most significant mineral deposits including Cadia, Ridgeway, Lake Cowal and Browns Creek. The area was acquired for its potential to host porphyry related copper-gold mineralisation in Ordovician volcanics and sediments. The project covers over 60 kilometres of prospective Ordovician rocks. Potential also exists for volcanic massive sulphide base metal deposits.



Exploration results to date have been encouraging, displaying similar features to the styles of deposits found in the Lachlan Fold Belt. During 2003 a Farm-In and Joint Venture agreement was entered into with Straits Exploration (Australia). In 2004 this agreement was transferred to Goldminco Corporation (GCP: TSX Venture Exchange).

The terms of the agreement require Goldminco to spend \$800,000 to earn a 51 percent interest within the first 30 months of which \$250,000 will be spent in the first 12 months.

Goldminco will then have the option to spend a further \$1.2m to earn a 70 percent interest in the project within the next 24 months.

The company sees this as an opportunity to include the project in a well funded, predominantly NSW focused exploration company and at the same time gain exposure to a suite of highly prospective projects.

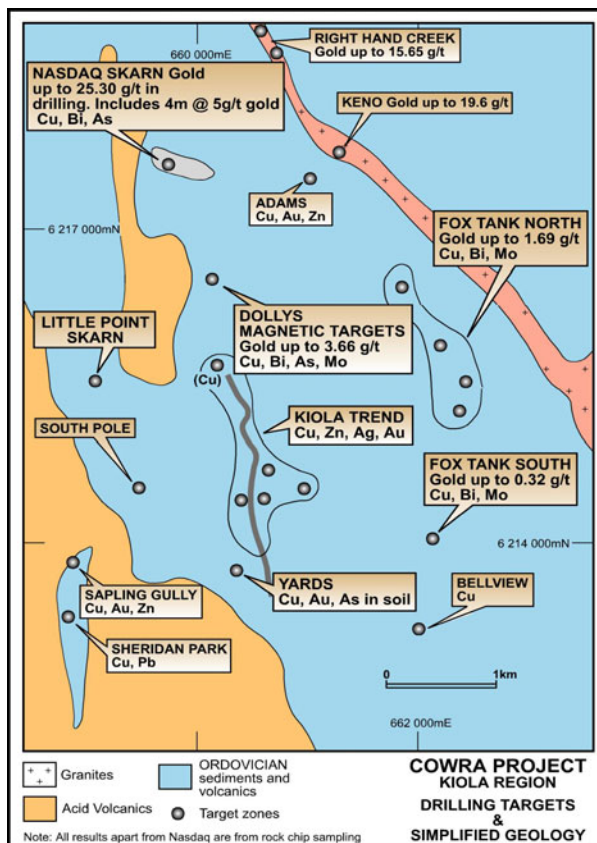
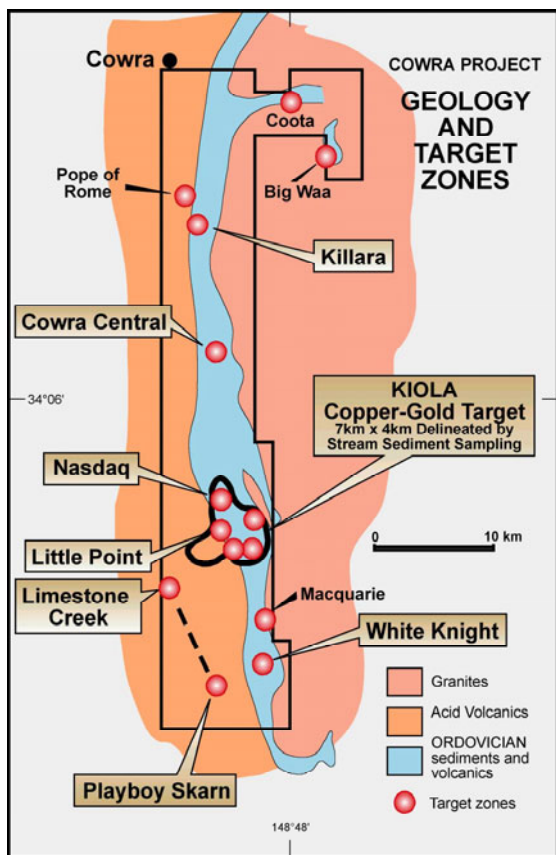
## TARGET GENERATION AND EXPLORATION PROGRESS

Prior to the Joint Venture a detailed and systematic compilation of all previous explorers work was completed. Based on this review Gateway then conducted detailed programs of geochemical sampling, airborne and ground magnetics and drilling. Results were encouraging and attracted Straits to the area and the formation of the Cowra Joint Venture. Future exploration will test highly prospective targets at Kiola and regional targets at Killara, Cowra Central and Playboy.

### KIOLA

The Kiola region is a large copper-gold bearing zone covering an area of 7 km x 4 km. The only drilling reported in this area was carried out by Mines Exploration in the late 1960s, involving four holes totalling 637 metres. Results have delineated numerous prospects including the Nasdaq gold and copper bearing skarn, with Gateway drilling returning grades of up to 25.30-g/t gold and 8.41 g/t gold in narrow zones. Work by Straits commenced in May 2003 with programs of soil sampling for geochemistry to further aid in delineating drilling targets. Drilling intersected skarn alteration and mineralisation at a number of anomalies. Results included 30 metres @ 0.6% copper and 0.5% zinc, 24 metres @ 0.2% copper and 2.4% zinc and 4 metres @ 1.0 g/t gold.





REGIONAL TARGETS

Programs of ground magnetics, soil sampling for geochemistry and reconnaissance were completed to assess the regional prospectivity of the remainder of the project. The regional work focused on mineralised skarn outcrops and covered aeromagnetic skarn targets outside of the Kiola area.

The **PLAYBOY** prospect hosts an extensive skarn that potentially extends from Playboy Hill in the south to Limestone Creek in the north over some four kilometres. Previous explorers have sampled parts of the skarn in the south at Playboy Hill (Esso) and in the north at Limestone Creek (Delta Gold). However little work has been carried out in the central portion and none in areas of cover. Delta Gold reported rock chip values up to 0.2% copper, 0.15 g/t gold, and 0.31% zinc.

Esso drilled 5 holes in the south and assayed for copper, lead, zinc and silver and only a selected portion in two holes for gold. Up to 0.47% copper was reported. Drilling intersected a skarn zone up to 35 metres wide on two lines 500 metres apart.

**COWRA CENTRAL** hosts a series of geochemical and airborne magnetic targets that require further exploration.

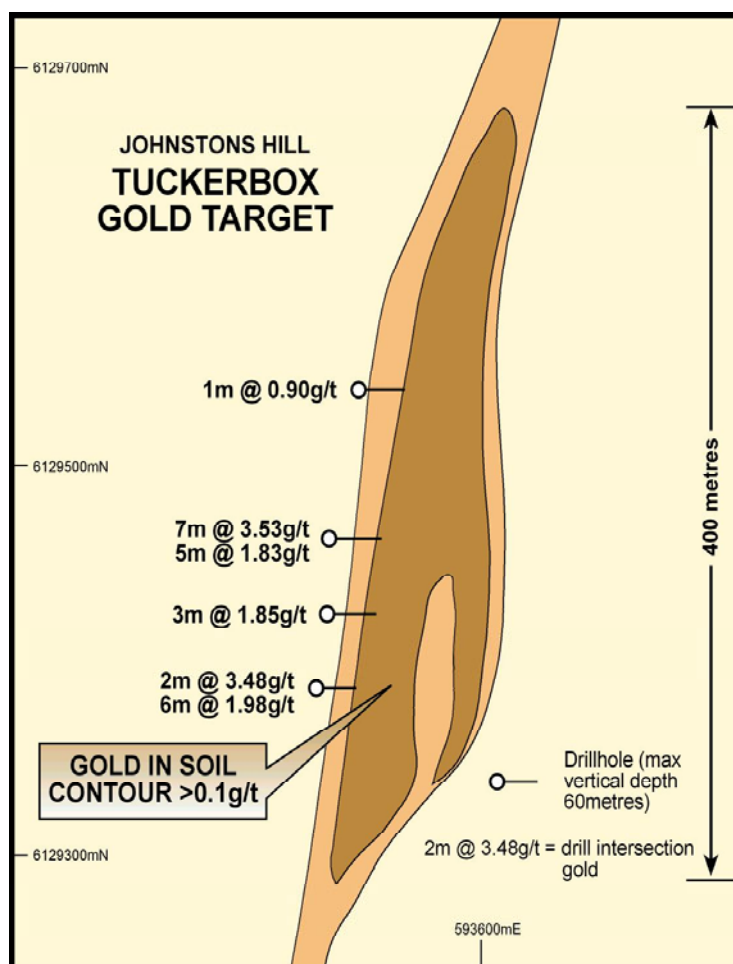
The **KILLARA** area hosts a combination of geochemical and magnetic features that warrant investigation. A large strong geochemical signature of copper-gold-molybdenum-lead-zinc has been interpreted from previous stream sediment sampling. Offset to the east up to three cylindrical magnetic highs have been interpreted from airborne magnetics.

Goldminco have identified three magnetic highs for drill testing, some of which occur in farm areas containing wheat crops. At the time of this report Goldminco advised that as soon as the crops are harvested then a drilling rig would be mobilised to enable drill testing of the targets.

## TUCKERBOX

Gateway 100%

The Tuckerbox gold project (formerly Cootamundra) is located north west of Gundagai and includes part of the historic goldfields of Burra, Bongongalong and North Gundagai. Gold mineralisation is located in different geological environments including quartz veins, stockworks, silicified volcanics and volcanogenic sediments.



## EXPLORATION PROGRESS

The company continues to focus its efforts at the Johnstons Hill mineralised structure that extends for 2.5 kilometres. Rock chip sampling along the line of lode has returned values including 12.51 g/t, 14.90 g/t and 16.40 g/t gold. First pass drilling by Gateway at Tuckerbox intersected significant gold mineralisation including 7 metres @ 3.53 g/t and 2 metres @ 3.48 g/t gold.

Mapping and soil sampling south at Tuckerbox has traced the Johnstons Hill line of lode for a further 1200 metres. Results of soil sampling have delineated a gold mineralised trend with a spot high of greater than 3 g/t gold.

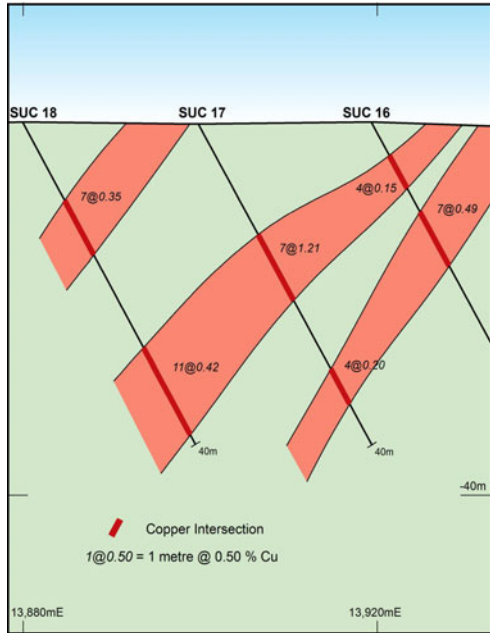
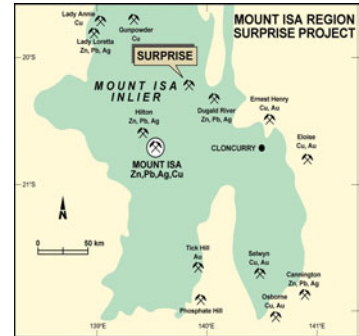
During 2004 a RC drilling program comprising eight holes for 450 metres was completed. At Tuckerbox, gold mineralisation (>0.50 g/t) has now been intersected over a total strike length of 300 metres with a central zone of > 1 g/t gold extending for 180 metres.

A program of ground magnetics will be completed over the parts of the Johnstons Hill South area.

**SURPRISE**

Gateway 100%

Located south of Kajabbi in the Mt Isa region, the project includes the historic Surprise Mine, its northern and southern strike extensions and numerous prospector pits and historical workings in the central and northeastern parts of the project.



More drilling is required at Startle where shallow drilling to 30 metres vertical depth has intersected copper mineralisation over an opened strike length of 400 metres.

Copper-in-soil anomalous zones at the Shock prospect and in the northwest remain untested.

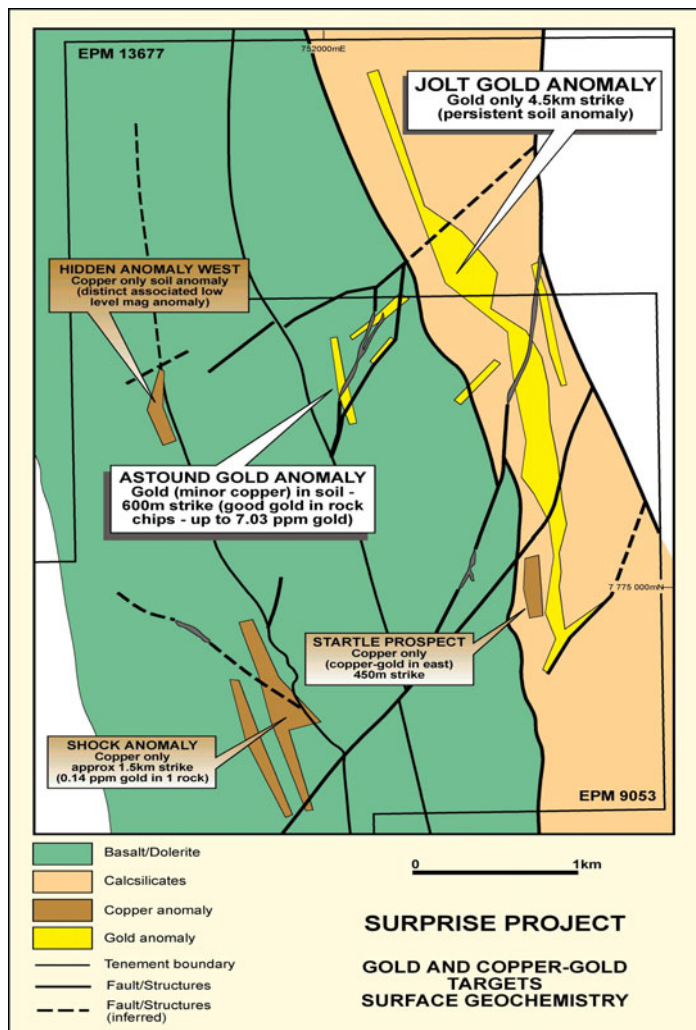
The northern extension to the Surprise Mine needs further testing along strike.

Several gold only target zones warrant testing.

These include the Jolt and Astound gold-in-soil targets.

The Jolt gold-in-soil anomaly extends for 4.5 kilometres. The Company completed infill soil sampling on seven lines spaced at 200 metres apart over 1.2 kilometre strike length. Sample spacing on the remainder of the anomaly is on lines 1 kilometre apart. Results confirmed a continuous gold in soil anomaly that extends for up to 1 kilometre. Within this zone are four zones of up to 150-metre strike length that contain greater than 50ppb gold with peak values up to 0.16 g/t gold.

Rock chip sampling results included up to 0.6 g/t gold from the Jolt anomaly and 0.3-g/t gold from Surprise extended.



The company now seeks a joint venture partner to test the target zones and delineate deeper targets for drill testing.

## HODGKINSON BASIN

*Republic Gold (90%) Gateway 6%, A Cap 4%*

An Agreement was reached with Republic Gold Limited (“RGL”) to purchase a 90% interest in mineral interests held by Gateway and its joint venture partner A-Cap Resources Limited (“A-Cap”) in the Hodgkinson Basin, Queensland. Under the terms RGL issued Gateway with 1,350,000 shares in RGL and Gateway retain a 6% free carried interest to a decision to mine at which point Gateway can elect to contribute or dilute to a 2.6% share and contribute or to a 0.6% NSR royalty.

The Joint Venture will allow Gateway to focus further expenditure on its priority Gidgee Gold Project in WA whilst at the same time gain exposure to its Hodgkinson Basin Projects where Republic has become the major landholder and explorer.

The JV Projects are located 120 kilometres north west of Cairns made up of Exploration Permits for Minerals, 9934, 10026 and 12240, with another Permit 11765 under application.



An application for a Mineral Development Licence (MDL254) over the resource at Hurricane (230,000 tonnes @ 0.90g/t gold) is still pending.

The company has identified several coincident structural anomalous zones with the potential to host significant gold mineralisation. Most of these zones remain untested.

## REEDY PROJECT

Gateway has delineated a measured, indicated and inferred resource of 700,000 tonnes @ 1.65 g/t gold at Reedy 8A. Stream sediment results have better defined four gold bearing areas in close proximity to Reedy 8A.

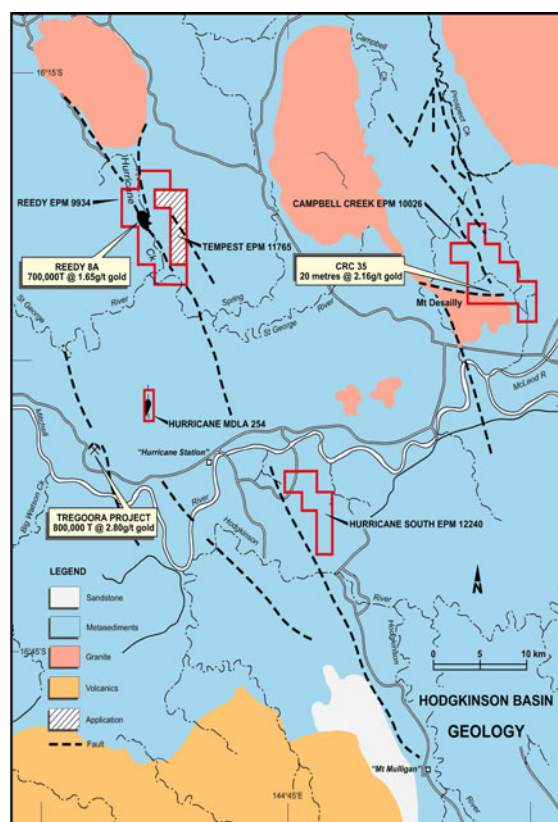
During the year Republic completed a drilling program comprising of 17 holes for 885 metres of RC and 403 metres of diamond drilling. Significant results included 14 metres @ 2.96 g/t gold and 4 metres @ 4.14 g/t gold and 3 metres @ 4.56 g/t gold.

## CAMPBELL CREEK

Correlation of all stream sediment sampling results has identified an open ended 1.5-kilometre long anomalous zone that has not been fully tested. Geochemical anomalous basins are coincident with the main NW trending Tullah Fault Zone. Limited drilling in 1995 and 1996 confirmed mineralisation in part of this anomalous trend. A large percentage of the project is under explored.

## HURRICANE SOUTH

Contains gold anomalous basins delineated from stream sediment sampling programs that need to be investigated.



## MINING TENEMENTS

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

TENEMENT SCHEDULE		
PROJECT	TENEMENTS	% INTEREST
GIDGEE	P53/673 - 674 (MLA53/593), P53/676 (MLA53/592), P57/801-802 (MLA57/452), P57/844 (MLA57/453), E57/255 (MLA57/467, 468)	90
	MLA53/938, PLA57/976, P53/1004, MLA53/939 & MLA53/905, MLA53/906, MLA53/926, P57/879 (MLA57/483), P57/882 (MLA57/472)-P57/884 & 885 (MLA57/471), P57/893 (MLA57/497), (MLA57/464, 504), E57/342 (MLA57/487), E57/343 (MLA57/486), E57/359 (MLA57/460, 495 & 496), MLA57/462, 463, MLA57/466, 484, E57/394 (MLA57/470, 498), ELA57/401, ELA57/402, ELA57/405, ELA57/417, ELA57/418, ELA57/562, ELA57/563, E57/554, M57/909	100
	E57/232 (MLA57/387, 388)(Legendre JV)	(earning) 80
	MLA53/907, 987, MLA57/445, 446, 461, 502 & 503 (Yardarino JV)	75
	E57/334 (MLA57/447, 488, 489), E57/335 (MLA57/448, 449, 490, 491)(Herald Resources JV)	80
	M57/429, M57/ 485, ELA57/561 (Estuary Resources JV)	75
	M57/48,98,99,217, G57/2 (Herald Resources JV)	85
COWRA	EL 5514	100
	EL 6102	100
COOTAMUNDRA	EL 4811	100
BARRA	EL 5947	100
HODGKINSON BASIN	EPM 9934	6
	EPM 10026	6
	EPM(A) 11765	60*
	EPM 12240	6
	MDL(A) 254	100*
SURPRISE	ML 2483, 2509, 2686, 90102	100
	EPM 9053, EPM 13677	100

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

## 4. DIRECTORS' REPORT

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Your directors present their report on the company for the financial year ended 30 June 2005.

### 1. DIRECTORS

The names and details of the directors of the company in office at any time during or since the end of the year are:

#### Names, Qualifications, Experience and Special Responsibilities

**Brian Gomez** (Chairman)  
B.Sc (Earth Sciences)

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** (Consultant geologist)  
BA.MSc (Hons), PhD., F.Aust.IMM.CP (Geol)

Board member since 1994. Dr Creelman is a Fellow of the Australian Institute of Mining and Metallurgy, and a Certified Professional (Geology) with the Institute. He has had over 30 years experience in the geosciences and allied engineering disciplines and has been a director of public companies involved in exploration and mining.

He recently accepted an Adjunct Associate Professorship on a part time basis at the University of Western Sydney, and is a Research Fellow at the University of Newcastle in coal combustion and utilization. He has in the past been in CSIRO involved in the development of automated mineralogy for the minerals industry.

Through his consultancy, he has been involved in exploration for gold, base metals, fuel and platinum resources.

**Brian F. Thornton**  
B.Ec., A.S.I.A

Board member since 2001. Brian Thornton, a graduate in Economics from the Australian National University and an Associate of the Securities Institute of Australia, has a diverse background covering the public and private sectors. He has worked as an adviser to the resources sector for almost 20 years and consults to a number of listed gold base metals and bulk commodity companies.

His expertise covers IPO's, mergers and acquisitions and capital raisings.

He is a director of Gel Resources Pty Limited and Chairman of Xanadu Mines Ltd.

#### Interests in the shares and options of the Company

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

	Ordinary shares	Options over ordinary shares
B. Gomez	201,250	211,250
R.A. Creelman	70,500	199,500
B.F. Thornton	9,350,528	1,275,639

## 4. DIRECTORS' REPORT

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### 2. COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:  
Mr. Anthony C. deGovrik - Solicitor. Mr. deGovrik also acts as the company solicitor and was appointed company secretary on 8 October 1992.

### 3. PRINCIPAL ACTIVITIES

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

### 4. RESULTS AND DIVIDENDS

The loss from ordinary activities after tax for the year was \$435,832 (2004 - \$420,595). No dividends have been declared or paid during the year.

### 5. REVIEW OF OPERATIONS

The company continues to assess and evaluate its exploration tenements in Western Australia, New South Wales and Queensland. (See Operations Review).

The company's focus are the Gidgee Gold Project in Western Australia and the Cowra Project in New South Wales.

In New South Wales, the company has a Joint Venture Agreement over the Cowra project with Goldminco Corporation (Goldminco). Goldminco are the managers with an option to spend \$2,000,000 to earn up to a 70% interest in the project.

During the year an agreement was reached with Republic Gold Limited ("RGL") to purchase a 90% interest in mineral interests held by Gateway and its joint venture partner A-Cap Resources Limited ("A-Cap") in the Hodgkinson Basin, Queensland. Under the terms, RGL issued Gateway with 1,350,000 shares in RGL and Gateway retains a 6% free carried interest to a decision to mine at which point Gateway can elect to contribute or dilute to a 2.6% share and contribute, or dilute to a 0.6% NSR royalty.

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

Shareholders' equity increased from \$8,005,398 to \$8,101,566 an increase of \$96,168. The movement was the result of \$532,000 raised through a private placement and with the loss from the ordinary activities after tax of \$435,832 gives the net increase of equity of \$96,168.

### 7. ENVIRONMENTAL REGULATION

The company's operations are subject to various environmental regulations under State regulations. The Directors are not aware of any material breaches during the financial year.

### 8. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 29<sup>th</sup> August 2005, the company made a private placement of 5,000,000 fully paid ordinary shares at the issued price of 8 cents per share. The issue has raised \$400,000 to be used as additional working capital for the company's current exploration program.

### 9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

### 10. SHARE OPTIONS

At the date of this report, there were 9,692,828 unissued ordinary shares under options (2004 - 9,692,828). The option is exercisable at 30 cents on or before 1<sup>st</sup> March 2007.

## 4. DIRECTORS' REPORT

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### 11.EMPLOYEES

There were 2 employees as at 30 June 2005 (2004 - 2) .

### 12.DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

To avoid duplication, the basis of remuneration policies and disclosure relating to directors' and executive officers' emoluments has been included in Note 5 of the financial report.

### 13.DIRECTORS' MEETINGS

During the financial year, 6 meetings of directors (including committees) were held.

Attendances were:

	Meetings held	Meetings attended
B. Gomez	6	6
R.A.Creelman	6	5
B.F.Thornton	6	6

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

### 14.CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gateway Mining NL support and adhered to the principles of corporate governance. These principles have been formalised by the Board in the corporate governance statement contained in the additional ASX information section of this annual report.

### 15.PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### 16.NON-AUDIT SERVICES

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

### 17.AUDITOR INDEPENDENCE DECLARATION

The auditor independence declaration for the year ended 30 June 2005 has been received and can be found on page 4 of this report.

Signed in accordance with a resolution of the directors.



**Brian Gomez**

**Director**

Sydney

Dated this 30<sup>th</sup> day of September 2005



## 4. DIRECTORS' REPORT

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

*I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005 there have been:*

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

**MOORE STEPHENS**  
**Sydney West**  
**Chartered Accountants**

*Moore Stephens*  
*Sydney West*

**P A Cordwell**  
**Partner**

*P A Cordwell*

*Dated this 30<sup>th</sup> day of September 2005*  
*Parramatta*

## 5. STATEMENT OF FINANCIAL PERFORMANCE

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2005

	NOTE	2005 \$	2004 \$
• Revenues from ordinary activities	2	207,050	277,243
• Depreciation and amortisation expense	3	(5,329)	(6,615)
• Employee expenses		(186,458)	(208,677)
• Professional Services Rendered		(103,710)	(89,800)
• Office expenses		(45,599)	(99,858)
• Compliance fees		(21,986)	(17,437)
• Share registry fees		(19,091)	(20,140)
• Diminution charges in listed shares	3	(62,931)	(43,652)
• Exploration costs written off	3	(54,095)	-
• Carrying amount of disposed interest in tenements		(67,073)	-
• Carrying amount of disposed investments		(23,400)	(128,035)
• Other expenses from ordinary activities		(53,210)	(83,624)
• <b>Loss from ordinary activities before income tax expense</b>	3	<b>(435,832)</b>	<b>(420,595)</b>
• <b>Income tax expense relating to ordinary activities</b>	4	<b>-</b>	<b>-</b>
• <b>Loss from ordinary activities after income tax expense</b>		<b>(435,832)</b>	<b>(420,595)</b>
• <b>Net loss</b>		<b>(435,832)</b>	<b>(420,595)</b>
• <b>Net loss attributable to members of Gateway Mining NL and total change in equity</b>	14	<b>(435,832)</b>	<b>(420,595)</b>
• Basic earnings per share	7	(0.0053)	(0.0050)
• Diluted earnings per share	7	(0.0048)	(0.0047)

The accompanying notes form part of these financial statements.

## 6. STATEMENT OF FINANCIAL POSITION

### STATEMENT OF FINANCIAL POSITION

as at 30 June 2005

	NOTE	2005 \$	2004 \$
<b>CURRENT ASSETS</b>			
• Cash assets		346,432	1,000,553
• Receivables	8	68,205	164,632
<b>TOTAL CURRENT ASSETS</b>		<b>414,637</b>	<b>1,165,185</b>
<b>NON-CURRENT ASSETS</b>			
• Receivables	8	25,608	25,608
• Other financial assets	9	1,223,867	906,424
• Plant and equipment	10	16,293	14,698
• Deferred exploration and evaluation expenditure	11	6,469,713	5,922,247
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,735,481</b>	<b>6,868,977</b>
<b>TOTAL ASSETS</b>		<b>8,150,118</b>	<b>8,034,162</b>
<b>CURRENT LIABILITIES</b>			
• Payables	12	48,552	28,764
<b>TOTAL CURRENT LIABILITIES</b>		<b>48,552</b>	<b>28,764</b>
<b>TOTAL LIABILITIES</b>		<b>48,552</b>	<b>28,764</b>
<b>NET ASSETS</b>		<b>8,101,566</b>	<b>8,005,398</b>
<b>EQUITY</b>			
• Contributed equity	13	18,516,506	17,984,506
• Accumulated losses	14	(10,414,940)	(9,979,108)
<b>TOTAL EQUITY</b>		<b>8,101,566</b>	<b>8,005,398</b>

The accompanying notes form part of these financial statements.

## 7. STATEMENT OF FINANCIAL CASHFLOWS

### STATEMENT OF CASH FLOWS

for the year ended 30 June 2005

	NOTE	2005 \$	2004 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
• Payments to suppliers and employees		(313,838)	(526,064)
• Interest and other income received		31,910	63,270
NET CASH USED IN OPERATING ACTIVITIES	16	(281,928)	(462,794)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
• Proceeds from sale of investments		6,390	213,973
• Purchase of plant and equipment		(6,924)	-
• Purchase of listed securities		(135,025)	(7,916)
• Purchase of unlisted securities		(100,000)	-
• Expenditure on mining interests		(668,634)	(619,453)
NET CASH USED IN INVESTING ACTIVITIES		(904,193)	(413,396)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
• Proceeds from issues of ordinary shares		560,000	1,008,000
• Placement fees		(28,000)	(35,280)
NET CASH FROM FINANCING ACTIVITIES		532,000	972,720
NET DECREASE IN CASH HELD		(654,121)	96,530
Add opening cash brought forward		1,000,553	904,023
CLOSING CASH CARRIED FORWARD	16	346,432	1,000,553

The accompanying notes form part of these financial statements.

## 8. STATEMENT OF FINANCIAL STATEMENT

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### NOTES TO THE FINANCIAL STATEMENTS

#### *Basic of accounting*

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

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

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

#### *a. Income Tax*

Tax-effect accounting is applied using the liability method whereby the income tax is regarded as expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

#### *Goods and Services tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.
- Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.
- Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

#### *b. Plant and Equipment Cost and valuation*

Plant and equipment are measured at cost.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

#### *Depreciation*

Depreciation is provided on a reducing balance basis on all plant and equipment over their useful lives to the company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation rate
Plant and equipment	8% to 40%

## 8. STATEMENT OF FINANCIAL STATEMENT

---

### *c. Investments*

Investments are brought to account at cost. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the current market value of the shares for listed investments or the cost for unlisted investments.

### *d. Exploration and Development Expenditure*

#### *Costs carried forward*

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and where there are active and significant operations.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

#### *Amortisation*

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuity to carry forward costs in relation to that area of interest.

### *e. Restoration costs*

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, plant closure, platform removal and other costs associated with the restoration of the site. These estimates of the obligations are based on anticipated technology and legal requirements and future costs, which have been discounted to their present value. Any changes in the estimates are adjusted on a prospective basis. In determining the restoration obligations, the company has assumed no significant changes will occur in the relevant Federal and State Legislation in relation to restoration of such mineral mines in the future.

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

### *f. Cash and cash equivalent*

For the purpose of the Statement of Cash Flows, cash includes:

- cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.
- money market instruments readily convertible to cash within 14 working days.

### *g. Comparative Figures*

Where required by accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

### *h. Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Interest revenue is recognised when the company controls the right to receive interest payments.

## 8. STATEMENT OF FINANCIAL STATEMENT

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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. 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 on a straight-line basis.

#### *Financial leases*

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the company are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

### *j. Earning per share*

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

Diluted earning 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.

### *k. Sundry creditors 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.

### *l. 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.

### *m. Adoption of Australian Equivalents to International Financial Reporting Standards*

The company is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the company's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The company's management has assessed the significance of the expected changes and is preparing for their implementation. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

## 8. STATEMENT OF FINANCIAL STATEMENT

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The directors are of the opinion that the key material differences in the company's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements change.

### *Exploration and Development Expenditure*

Under AASB 6: Exploration for and Evaluation of Mineral Resources the company is eligible to continue following its existing accounting policies for the treatment of exploration and evaluation expenditures, within an "area of interest". This standard also requires the company to perform an impairment test on carried forward exploration and evaluation expenditure when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The company has reassessed its impairment testing policy and tested all carried forward exploration and evaluation expenditure for impairment as at 1 July 2005. No carried forward exploration and evaluation expenditure is impaired and therefore the impact of the change is estimated to be \$nil.

### *Income Tax*

Currently, the company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the company will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

Under current accounting policy the net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain. Under AASB 112: Income Taxes, deferred tax assets will only be brought to account where it is probable that taxable profit will be available.

The company has assessed the requirements of the new standard and the impact of the change is estimated to be \$nil.

### *Impairment of Assets*

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The company has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. No assets are impaired and therefore the impact of the change is estimated to be \$nil.

### *Non-current Investments*

Under AASB 139: Financial Instruments: Recognition and Measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses are to be recognised directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.



## 8. STATEMENT OF FINANCIAL STATEMENT

As the company's financial assets comprise available for sale financial instruments, the impact of this change is an increase in the value of non-current other financial assets to reflect the fair value at balance date of \$1,691,433. This will result in adjustment to comparative figures in the next reporting period, with the net effect being an increase in retained earnings of \$467,566.

### NOTE 2: REVENUE FROM ORDINARY ACTIVITIES

	NOTE	2005 \$	2004 \$
<b>Non-operating activities</b>			
Interest received	2a	22,970	51,603
Other revenue		8,940	11,667
Proceeds on disposal of interest in tenements		168,750	-
Proceeds on disposal of non-current investments		6,390	213,973
Total revenues from ordinary activities		207,050	277,243
a. Interest revenue from:			
- other persons		22,970	51,603
Total interest revenue		22,970	51,603

### NOTE 3: LOSS FROM ORDINARY ACTIVITIES

Loss from ordinary activities before income tax has been determined after:

#### Expenses

Depreciation of non-current assets: - plant and equipment	5,329	6,615
Diminution in value of listed shares	62,931	43,652
Rental expense on operating leases: - minimum lease payments	36,577	90,994
Exploration costs written off	54,095	-

#### Revenues and net gains

Net (loss)/ gain on disposal of non-current assets:		
- Interest in tenements *	101,677	-
- Investments	(17,010)	85,938
	84,66	85,938

- › During the year Gateway entered an agreement with Republic Gold Limited (RGL), a company listed on the Australian stock exchange whereby Gateway was issued with 1,350,000 shares in RGL for the sale of the 90% interest in the tenements at Hodgkinsin Basin, Queensland (Refer Directors' Report)

## 8. STATEMENT OF FINANCIAL STATEMENT

### NOTE 4: INCOME TAX

	NOTE	2005 \$	2004 \$
The prima facie tax on loss from ordinary activities before tax is reconciled to the income tax as follows:			
Prima facie tax benefit on operating loss from ordinary activities before income tax at 30%		(130,750)	(126,179)
Tax effect of permanent differences:			
- other non-allowable items		485	-
Tax effect of capital losses used and carried forward separately		5,103	(25,781)
Income tax benefit arising from current year loss		(125,162)	(151,960)
Benefit of tax loss not brought to account		125,162	151,960
Income tax expense attributable to loss from ordinary activities before income tax		-	-

As at balance date, the Company has estimated carry-forward tax losses of \$12,840,275 (2004: \$12,029,972), which is an income tax benefit of \$3,852,082 (2004: \$3,608,992). The Company has estimated carry-forward capital losses of \$31,796 (2004: \$14,063) which is an income tax benefit of \$9,539 (2004: \$4,219). The Company has timing differences of \$570,553 (2004: \$854,331), which is an income tax benefit of \$156,990 (2004: \$256,299).

These potential future tax benefits have not been brought into account. The taxation authority has not yet confirmed the quantum of the carried forward tax losses.

This future income tax benefit will only be obtained if:

- (a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- (b) the conditions for deductibility imposed by tax legislation continue to be complied with;
- (c) no change in tax legislation adversely affects the company in realising the benefit.

## 8. STATEMENT OF FINANCIAL STATEMENT

### NOTE 5: REMUNERATION AND RETIREMENT BENEFITS

(a) Names and positions held of directors and specified executives in office at any time during the financial year are:

**Entity directors**

Brian Gomez	Non-executive Director (Chairman)
Robert A. Creelman	Non-executive Director
Brian F. Thornton	Non-executive Director

**Specified Executives**

Steven Lian	CEO
Simon Taylor	Exploration Manager

As the company only has 2 specified executives, it is not possible to disclose the top 5 specified executives.

**(b) Directors' Remuneration**

Name	Primary			Post Employment	Equity	Total
	Fees	Super-Contribution	Cash/ Non-Cash Benefits	Super-Contribution	Options	
	\$	\$	\$	\$	\$	\$
B. Gomez	25,000	-	-	-	-	25,000
R.A.Creelman	20,900	-	-	-	-	20,900
B.F.Thornton	20,000	-	-	-	-	20,000
	65,900	-	-	-	-	65,900

**(c) Specified Executives Remuneration**

Name	Primary				Post Employment	Equity	Total
	Salary	Fees	Super-Contribution	Cash/ Non-Cash Benefits	Super-Contribution	Options	
	\$	\$	\$	\$	\$	\$	\$
S. Lian	120,000	-	10,800	17,305	-	-	148,105
S. Taylor	-	80,700	-	23,235	-	-	103,935
	120,000	80,700	10,800	40,540	-	-	252,040

**(d) Options Holdings - number held by Specified directors and executives**

**Entity directors**

Name	Balance 1.7.04	Net change other*	Balance 30.6.05
B. Gomez	211,250	-	211,250
R.A. Creelman	199,500	-	199,500
B.F. Thornton	1,275,639	-	1,275,639

**Specified Executives**

Name	Balance 1.7.04	Net change other*	Balance 30.6.05
S. Lian	300,000	-	300,000
S. Taylor	262,500	-	262,500

No options were exercised or granted as remuneration during the year

Net change other refers to options issued during the year

## 8. STATEMENT OF FINANCIAL STATEMENT

### (e) Shareholdings - number held by Specified directors and executives

#### Entity directors

Name	Balance 1.7.04	Net change other*	Balance 30.06.05
B. Gomez	201,250	-	201,250
R.A. Creelman	70,500	-	70,500
B.F. Thornton	8,882,403	368,125	9,250,528

#### Specified Executives

Name	Balance 1.7.04	Net change other*	Balance 30.6.05
S. Lian	380,000	-	380,000
S. Taylor	264,500	100,000	364,500

No shares were granted as remuneration during the year

\* Net change other refers to shares purchased or sold during the year

#### (f) Remuneration Practices

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

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

	NOTE	2005 \$	2004 \$
<b>NOTE 6: AUDITORS' REMUNERATION</b>			
Remuneration of the auditor of the company for:			
- auditing or reviewing the financial report			
- current auditors		18,400	17,000
<b>NOTE 7: EARNINGS PER SHARE</b>			
Reconciliation of earnings to net loss			
Net loss		(435,832)	(420,595)
<b>Adjustments:</b>			
Net loss attributable to outside equity interest		-	-
Earnings used in calculating basic and dilutive earnings per share		(435,832)	(420,595)
		<b>No of shares</b>	<b>No of shares</b>
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share		82,055,450	78,730,450
<b>Effect of dilutive securities:</b>			
Share options		9,692,828	9,692,828
Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive earnings per share		91,748,278	88,423,278

#### Conversions, calls, subscription or issues after 30 June 2005

There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

## 8. STATEMENT OF FINANCIAL STATEMENT

	NOTE	2005	\$	2004	\$
<b>NOTE 8: RECEIVABLES CURRENT</b>					
Security deposits		48,644		131,846	
Prepayment		-		3,009	
Goods & services tax receivable		19,561		29,777	
		<b>68,205</b>		<b>164,632</b>	
Security deposits		25,608		25,608	
		<b>25,608</b>		<b>25,608</b>	

Security deposits are mining bonds and have a floating interest rate, which has averaged 3.64% for the year (2004: 3.65%). Goods and Services Tax (GST) receivable is non-interest bearing.

### NOTE 9: OTHER FINANCIAL ASSETS NON-CURRENT

Listed securities- at cost	1,471,130	1,190,755
Provision for diminution	(897,263)	(834,331)
	<b>573,867</b>	<b>356,424</b>
Unlisted investments at cost	650,000	550,000
	<b>1,223,867</b>	<b>906,424</b>

The market value of other financial assets is disclosed at Note 18(c)

### NOTE 10: PLANT AND EQUIPMENT

<b>Plant and Equipment</b>		
At cost	90,601	83,677
Accumulated depreciation	(74,308)	(68,979)
Total Plant and Equipment	<b>16,293</b>	<b>14,698</b>

#### Reconciliations

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

Plant and Equipment

Carrying amount at the beginning of the year:	14,698	21,313
Additions	6,924	-
Depreciation expense	(5,329)	(6,615)
<b>Carrying amount at the end of the financial year:</b>	<b>16,293</b>	<b>14,698</b>

## 8. STATEMENT OF FINANCIAL STATEMENT

### NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	NOTE	2005 \$	2004 \$
<b>NON-CURRENT</b>			
Exploration Expenditure			
Costs carried forward in respect of areas of interest in:			
- exploration and evaluation phases		6,469,713	5,922,247
<b>Total Deferred Exploration and Evaluation Expenditure</b>		<b>6,469,713</b>	<b>5,922,247</b>

**The recoverability being dependent upon further exploitation and exploration of commercially viable mineral deposits.**

As detailed in the Directors' Report under the heading of Review of Operations the Company has entered into arrangements whereby Goldminco will fund the exploration and expenditure commitments for certain exploration licenses and applications. As a result of the transfer of this arrangement from Straits Exploration (Australia) Pty Limited the company received 500,000 warrants to purchase shares in Goldminco. These warrants have not been exercised and expire on 5<sup>th</sup> November 2005.

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 12: PAYABLES

#### CURRENT

##### Unsecured liabilities

Sundry creditors and accrued expenses		48,552	28,764
Total payables		<b>48,552</b>	<b>28,764</b>

### NOTE 13: CONTRIBUTED EQUITY

#### a. Issued and fully paid up capital

##### Ordinary shares fully paid

Balance at beginning of year		17,984,506	17,011,786
Issued shares		560,000	1,008,000
Placement fees		(28,000)	(35,280)

Balance at end of year		<b>18,516,506</b>	<b>17,984,506</b>
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#### b. Movements in ordinary shares on issue

	No.	No.
At the beginning of the financial year	80,305,450	74,005,450
Shares issued	7,000,000	6,300,000

At end of the financial year	<b>87,305,450</b>	<b>80,305,450</b>
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## 8. STATEMENT OF FINANCIAL STATEMENT

### NOTE 13: CONTRIBUTED EQUITY (CONTINUED)

#### c. Terms and conditions of contributed equity- 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 2005, there were 9,692,828 options over ordinary shares (30 June 2004: 9,692,828) . The options are exercisable at 30 cents on or before 1<sup>st</sup> March 2007.

	2005	\$	2004	\$
<b>NOTE 14: ACCUMULATED LOSSES</b>				
Balance at the beginning of the financial year	9,979,108		9,558,513	
Net losses attributed to the members of the entity	435,832		420,595	
Balance at end of the financial year	10,414,940		9,979,108	

### NOTE 15: EXPENDITURE COMMITMENTS

#### Lease expenditure commitments

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

15a

Payable				
- not later than 1 year	41,307		39,718	
- later than 1 year but not later than 5 years	134,102		165,227	
- later than 5 years	-		-	
	175,409		204,945	

a. Operating leasing relates to office rental and has a lease term of 5 years.

## 8. STATEMENT OF FINANCIAL STATEMENT

NOTE	2005	\$	2004	\$
<b>NOTE 16: STATEMENT OF CASH FLOWS</b>				
<b>Reconciliation of the loss from ordinary activities after tax to the net cash flows from ordinary activities</b>				
Loss from ordinary activities after tax	(435,832)		(420,595)	
<b>Non-cash items</b>				
- Depreciation	5,329		6,615	
- Provision for diminution of investments	62,931		43,652	
- Exploration costs written off	54,095		-	
- Net gain on disposal of interest in tenements	(101,677)		-	
- Net loss /(gain) on disposal of investments	17,010		(85,938)	
<b>Changes in assets and liabilities</b>				
- Decrease/ (Increase) in receivables	96,427		(1,042)	
- Increase/ (Decrease) in creditors and accruals	19,789		(5,486)	
Net cash used operating activities	<u>(281,928)</u>		<u>(462,794)</u>	
<b>Reconciliation of cash</b>				
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	<u>346,432</u>		<u>1,000,553</u>	
	<u>346,432</u>		<u>1,000,553</u>	

### Non-cash investing activities

As disclosed in the Director's report, the company acquired 1,350,000 shares in Republic Gold Limited as a result of disposing an interest in certain tenements. The value of these shares at the date of acquisition was \$168,750

### NOTE 17: RELATED PARTY DISCLOSURES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

#### Directors-related entities

All amounts paid to directors and related entities have been disclosed at Note 5.

#### Share transactions of Directors

All shares and options held by directors and related entities have been disclosed at Note 5.



## 8. STATEMENT OF FINANCIAL STATEMENT

### NOTE 18: FINANCIAL INSTRUMENTS

#### a. Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Fixed Interest Rate Maturing													
	Weighted Average Effective Interest Rate		Floating Interest Rate \$		Within Year 1 to 5 Years \$				Over 5 Years \$		Non-interest Bearing \$		Total \$	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Financial Assets:														
Cash	3.00%	3.00%	346,432	1,000,553	-	-	-	-	-	-	-	-	346,432	1,000,553
Receivables- other	-	-	-	-	-	-	-	-	-	-	19,561	29,777	19,561	32,786
Security deposits	3.64%	3.65%	48,644	131,846	-	-	-	-	-	-	25,608	25,608	74,252	157,454
Other financial assets	-	-	-	-	-	-	-	-	-	-	1,223,867	906,424	1,223,867	906,424
Total Financial Assets			<b>395,076</b>	<b>1,132,399</b>	-	-	-	-	-	-	<b>1,269,036</b>	<b>961,809</b>	<b>1,664,112</b>	<b>2,097,217</b>
Financial Liabilities:														
Sundry creditors and accruals	-	-	-	-	-	-	-	-	-	-	48,552	28,764	48,552	28,764
Total Financial Liabilities			-	-	-	-	-	-	-	-	<b>48,552</b>	<b>28,764</b>	<b>48,552</b>	<b>28,764</b>

#### b. Credit Risk Exposure

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

#### c. Net Fair Value

The net fair values of listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market the net fair value has been based on cost.

For other assets and other liabilities the net fair value approximates their carrying value.

Aggregate net fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2005		2004	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial Assets</b>				
Cash	346,432	346,432	1,000,553	1,000,553
Receivables-other	19,561	19,561	32,786	32,786
Security deposits	74,252	74,252	157,454	157,454
Listed securities	573,867	1,041,433	356,424	397,003
Unlisted investments	650,000	650,000	550,000	550,000
	<b>1,664,112</b>	<b>2,131,678</b>	<b>2,097,217</b>	<b>2,137,796</b>
<b>Financial Liabilities</b>				
Sundry creditors and accruals	48,552	48,552	28,764	28,764
	<b>48,552</b>	<b>48,552</b>	<b>28,764</b>	<b>28,764</b>

## 8. STATEMENT OF FINANCIAL STATEMENT

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### NOTE 19: 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 20: SEGMENT INFORMATION

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

## 9. DIRECTORS DECLARATION

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### DIRECTORS' DECLARATION

The directors of the company declare that:

a. the financial statements and notes of the company are in accordance with the Corporation Act 2001:

(i) give a true and fair view of the company's financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and

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

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

c. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



**Brian Gomez**  
Director  
Sydney  
Dated 30<sup>th</sup> day of September 2005

## 10. INDEPENDENT AUDIT REPORT

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### INDEPENDENT AUDIT REPORT To the members of Gateway Mining NL

#### Scope

##### The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for *Gateway Mining NL* (the company), for the year ended 30 June 2005.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

#### Independence

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

## 10. INDEPENDENT AUDIT REPORT

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### Audit Opinion

In our opinion, the financial report of *Gateway Mining NL* is in accordance with:

- a. the *Corporations Act 2001*, including:
  - i. giving a true and fair view of the company's financial position as at 30 June 2005 and of its performance for the year ended on that date; and
  - ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- b. other mandatory professional reporting requirements in Australia.

**MOORE STEPHENS**  
Sydney West  
Chartered Accountants

*Moore Stephens*  
*Sydney West*

*P A Cordwell*  
*Partner*

*PA Cordwell*

Dated this 30<sup>th</sup> day of September 2005  
Parramatta

## 11. SHAREHOLDER INFORMATION

### a. Voting Rights

The total number of shareholders was 1,280 and each share carried one vote in person, by proxy or poll.

### b. Distribution of Shareholders Number

Category (size of Holding)	Ordinary
1 - 1,000	243
1,001 - 5,000	354
5,001 - 10,000	171
10,001 - 100,000	402
100,001 - and over	110
<b>Total</b>	<b>1,280</b>

c. Number of shareholdings held in less than marketable parcels is 643.

d. Names of the substantial shareholders are:

Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
Farrington Corporate Services Pty Ltd	9,350,528	10.13
Great Pacific Finance Pty Ltd	9,000,000	9.75
UOB Bank Limited	5,000,000	5.42
ANZ Nominees Limited	5,000,000	5.42

### e. 20 largest Shareholders - Ordinary Shares

	Name	Number of Ordinary Fully Paid Shares	% of Issued Ordinary Capital
1	Great Pacific Finance Pty Ltd	9,000,000	9.75
2	ANZ Nominees Limited	5,000,000	5.42
3	UOB Bank Limited	5,000,000	5.42
4	Belfort Investment Advisors Limited	3,990,600	4.32
5	Farrington Corporate Services Super Fund	3,799,953	4.12
6	Yvonne Tan	3,600,000	3.90
7	Dr Wong Goh-Ping	3,150,000	3.41
8	Dr Sher Lin Chiam	2,550,000	2.76
9	Bikini Atoll Investments Pty Ltd	2,434,500	2.64
10	Kim Liew	1,629,352	1.77
11	International Portfolio	1,600,000	1.73
12	Iprosperity Investment Pty Ltd	1,550,000	1.68
13	Farrington Corporate Services Pty Ltd	1,145,543	1.24
14	Mayfair Far East Ltd	1,047,500	1.13
15	Tan Geok Tang	1,000,000	1.08
16	Farrington Corporate Services Pty Ltd	910,557	0.99
17	Reynolds Nominees Pty Ltd	888,000	0.96
18	Nyook Fong Chin	850,000	0.92
19	PrimAsia Securities (Asia) Ltd	839,250	0.91
20	Bikini Atoll Investments Pty Ltd	813,000	0.88
	<b>TOTAL</b>	<b>50,798,255</b>	<b>55.03</b>

## 11. SHAREHOLDER INFORMATION

### a. Options

There are 419 optionholders. Options do not carry a right to vote. Voting rights will be attached to the unissued shares when options have been exercised.

### b. Distribution of holders of options exercisable on or before 1<sup>st</sup> March 2007.

Category (size of Holding)	Ordinary
1 - 1,000	164
1,001 - 5,000	129
5,001 - 10,000	33
10,001 - 100,000	70
100,001 - and over	23
<b>Total</b>	<b>419</b>

### c. Number of option holdings held in less than marketable parcels is 347.

### d. Names of substantial optionholders are:

Name	Number of Options	% of Issued Options
Farrington Corporate Services Pty Ltd	1,355,639	13.98
Great Pacific Finance Pty Ltd	1,000,000	10.20
Fook Lam Investments Limited	800,000	8.25

### e. 20 largest Optionholders

Name	Number of Options	% of Issued Options
1 Great Pacific Finance Pty Ltd	1,000,000	10.32
2 Fook Lam Investments Limited	800,000	8.25
3 Farrington Corporate Services Super Fund	568,250	5.86
4 Yvonne Tan	400,000	4.13
5 Goh-Ping Wong	350,000	3.61
6 IProsperity Investments Pty Ltd	302,193	3.12
7 JBR Pty Ltd	300,000	3.10
8 Brian Thornton	275,000	2.84
9 Simon Taylor	250,000	2.58
10 Farrington Corporate Services Pty Ltd	247,916	2.56
11 TKL Consulting	200,028	2.06
12 Brian Gomez	200,000	2.06
13 Geraldine Lim	200,000	2.06
14 NTIA Investments Pty Ltd	200,000	2.06
15 Mayfair Far East Ltd	196,500	2.03
16 Bob Creelman	175,000	1.81
17 Wei Sheng Liu	173,653	1.79
18 Anthony deGovrik	162,500	1.68
19 John Anthony Hoyes-Cock	150,000	1.55
20 Bikini Atoll Investments Pty Ltd	145,500	1.50
<b>TOTAL</b>	<b>6,296,540</b>	<b>64.97</b>

## 12. CORPORATE GOVERNANCE STATEMENT

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*The Board of Directors of Gateway Mining NL is responsible for the corporate governance of the company.*

*In accordance with the Australian Stock Exchange (ASX) Corporate Governance and Best Practice Recommendations, the following statement outlines the principal corporate governance practices that apply to the company.*

### Board and Management Functions

**Generally, the Board is responsible for establishing the policies of the company, overseeing its financial position, approving major capital expenditures, exploration programs and expenditures.**

The small management team is responsible for the company's day to day operations including exploration activities, budgets, reporting activities and general administration. Due to the relatively small size of the Board and management team and the need for roles and functions to be flexible to meet specific requirements the company does not have a formal Board charter.

### Board Structure

The composition of the Board is determined in accordance with the following principles and guidelines:

- The Board should comprise at least three directors and should maintain a majority of independent non-executive directors
- The chairperson must be a non-executive director
- The Board should comprise Directors with an appropriate range of qualifications and expertise
- The Board shall meet at least quarterly and follow meeting guidelines set down to ensure all Directors are made aware of, and have available, all necessary information to participate in an informed discussion of all agenda items.

At present, all Directors are non-executive directors. The Directors in office at the date of this statement are:

Brian Gomez (Chairman)  
Brian Thornton  
Robert Creelman

Under current ASX guidelines, two of the current Board (Mr Brian Gomez and Dr Robert Creelman) are considered to be independent directors. Each Director of the company has the right to seek independent professional advice at the expense of the company. Prior approval of the Chairman is required but this will not be unreasonably withheld.

Due to the small size of the Board and its static nature, the company does not have a board nomination committee. Such decisions are presently the responsibility of the Board as a whole. When appropriate, and at least annually, the Board meets to consider certain aspects of its operations. This includes ensuring that the Board continues to operate within the established guidelines including, when necessary, selecting candidates for the position of Director.

### Codes of Conduct

The company does not at present have a formal code of conduct for the guidance of Directors and senior executives. However, the Board's stated policy is for Directors and management to conduct themselves with the highest ethical standards. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the company.

Similarly, the company does not have a code of conduct to guide compliance with legal and other obligations. This reflects the company's size and the close interaction of the small number of individuals employed by the organisation. However, the Board continues to review the risk and compliance situation to determine the most appropriate and effective operational procedures.

## 12. CORPORATE GOVERNANCE STATEMENT

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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 not as yet formulated the company's remuneration policies but will seek independent external advice and market comparisons as necessary.