# Gateway Mining Limited

# and its controlled entity

# ANNUAL REPORT 2015

# CONTENTS

# DIRECTORY

| | | | |
|---|---|---|---|
| Registered Office | Level 8<br>210 George Street<br>Sydney NSW 2000 | Telephone:<br>Facsimile:<br>Email | 02 9191 4543<br>02 8247 7999<br>info@gatewaymining.com.au |
| Principle Place of Business | Level 8, 210 George Street<br>Sydney NSW 2000 | | |
| Directors | Mr. Trent Franklin (Non-executive Chairman)<br>Mr. Andrew Bray (Managing Director)<br>Mr. Ian McDonald (Non-executive Director) | | |
| Company Secretary | Mr. Gary Franklin | | |
| Auditors | Crowe Horwath Sydney<br>Chartered Accountants<br>Level 15<br>1 O'Connell Street<br>Sydney NSW 2000 | | |
| Solicitors | Chris Apostolakos Solicitor<br>Suite 2, 8E Faraday Rd<br>Padstow, NSW 2211 | | |
| Bankers | Macquarie Bank Limited<br>1 Shelley St<br>Sydney NSW 2000 | Commonwealth Bank of Australia<br>Tower 1, 201 Sussex St<br>Sydney NSW 2000 | |
| Share Registry | Security Transfer Registrars Pty Ltd<br>770 Canning Highway<br>Applecross WA 6153<br>Telephone: (08) 9315 2333<br>Facsimile: (08) 9315 2233 | | |
| Securities Exchange Listing | The Group is listed on the Australian Securities Exchange under Code GML | | |
| Website | www.gatewaymining.com.au | | |

## OPERATIONS REVIEW

The Group has continued to be very active in developing and advancing its Gidgee project in central Western Australia, despite ongoing difficult market conditions.

During the year the Group completed a number of drilling, geophysical and regional exploration programs.

### Aircore drilling

In the first half of the period, the group completed approximately 3,200m of aircore drilling. The program provided an excellent platform from which to conduct further exploration efforts. The program focused on the Volcanogenic Massive Sulphide (VMS) horizons south of The Cup and down towards the Gravel Pit area. It demonstrated a continuation of fertile VMS horizons.

The focus of the modelling on that trend used data from the 4 drill traverses on the 6964800N, 6965100N, 6966000N and 6966900N lines. Collating this data with historical data has identified a clear gold trend with overlaying shales. The gossans which were intersected in the previous drilling intersected strongly anomalous copper and VMS geochemistry, including Cu to 943ppm and Pb to 470ppm. Multielement geochemistry included As to 887ppm, Bi to 2.05ppm, Sb to 13.45ppm, Se to 19ppm, Sn to 13.5ppm, Tl to 5.95ppm and W to 11.7ppm.

Further drilling in the program at the Gravel Pit area also allowed for a clearer picture of the geological structure to emerge. The geological insights gained from the drilling have helped develop an understanding of the orientation of the various mineralised horizons

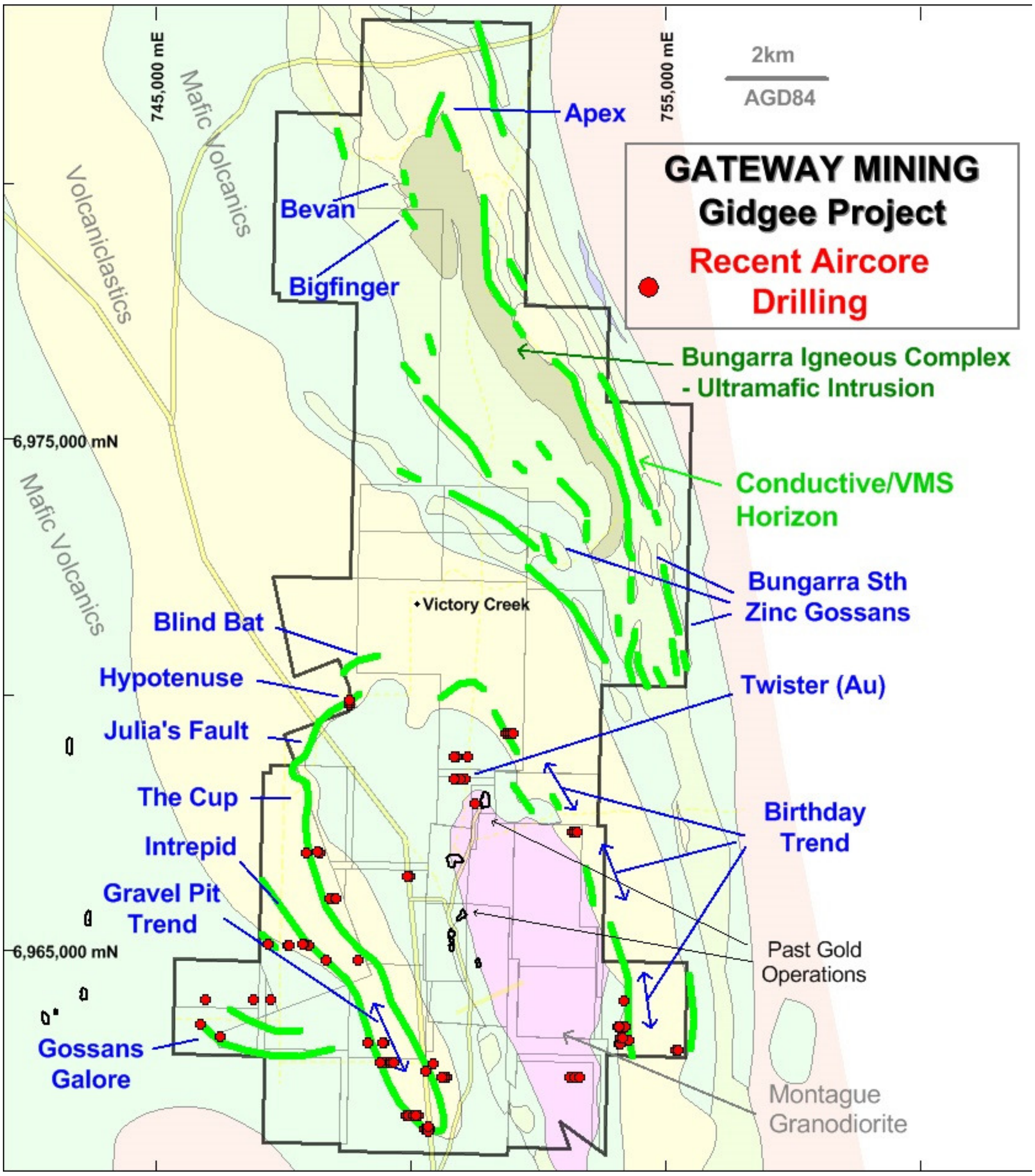
A number of holes were also planned and drilled along the Birthday Trend. The Birthday trend comprises an 8km plus long mafic, felsic and sedimentary corridor that flanks the eastern side of the interpreted co-magmatic, sub-volcanic Montague granodiorite intrusion. The Birthday stratigraphic trend is interpreted as perhaps the folded repetition of the same general stratigraphy that hosts The Cup, Julia's, Bevan and Ed's Bore VMS mineralisation to the north and west.

The corridor is host to numerous intermittent sub-cropping gossans showing highly elevated trace and base metal anomalism. The gossans are supported by variable MLTEM responses indicative of underlying massive sulphide. Intermittent EM responses from areas obscured by colluvium are also evident along the general trend of the corridor.

The program comprised 23 relatively wide spaced air core holes on 7 regional spaced traverses. The main aim of the drilling was to test EM anomalies below transported cover where no outcrop was evident from surface prospecting.

A small outcropping gossan was also drilled in an attempt to correlate it with an old CRA diamond hole which returned a 30m disseminated/semi-massive to massive sulphide intersection containing highly anomalous zinc, tungsten, selenium and elevated copper. No obvious ironstones indicative of weathered sulphide horizons were evident from the recent drilling and the source of the EM anomalies remains as yet unresolved.

Subtle zinc and pathfinder anomalism was however evident on most traverses and should greatly assist in positioning and prioritising future RC drill testing of the EM responses under transported cover.

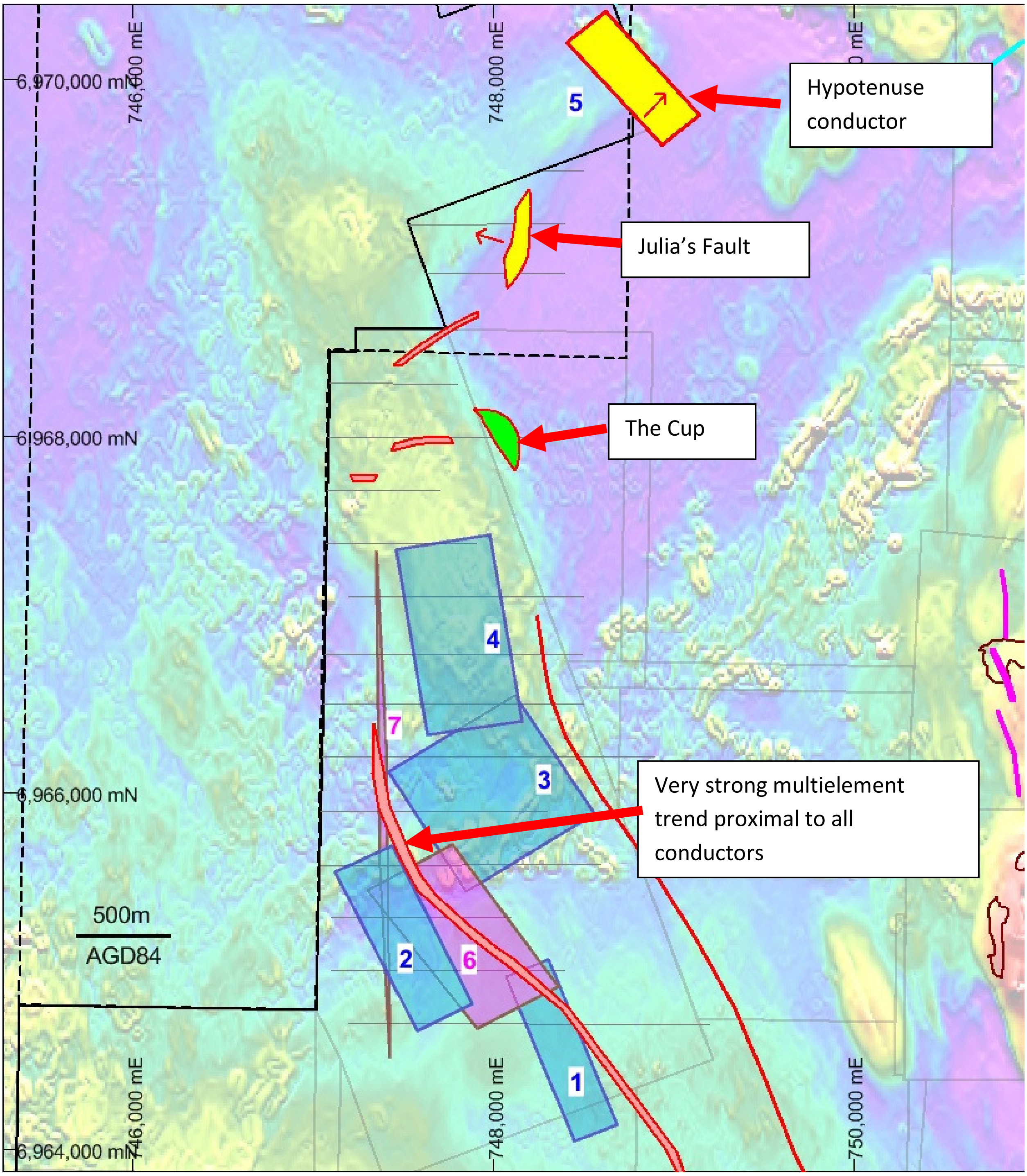



There are still number of strongly anomalous targets developed out of the aircore program and subsequent modeling, which require RC follow up drilling.

## Electromagnetic Surveying

In early 2015, the Group completed a High Powered Moving Loop Electromagnetic Survey (HPMLTEM) survey focusing primarily on the VMS trends surrounding The Cup to the north and south. Six new conductors were identified within the fertile VMS stratigraphy, and further information gained on a seventh conductor (the Hypotenuse target).

Modelling of the conductors suggested they were indicative of massive sulphide accumulations. The conductors range between 2,100S to 4,900S, which is the targeted range of conductivity given the Group's knowledge of geophysics within this stratigraphy. The conductors were also coincident with VMS geochemistry.




*Overview of conductors from HPMLTEM program*

**RC Drilling**

The Group completed approximately 2,000m of Reverse Circulation (RC) drilling primarily following up targets identified from the aircore drilling program and the electromagnetic surveying previously conducted.

The main focus of the program was the VMS mineralisation highlighted along The Cup trend. Additionally, several holes were drilled at other prospects during the program, two of which targeted gold mineralisation along the contact zone between the Montague granodiorite and the basalts.

GRC303 and GRC304, intersected a Reduced Intrusive Related (RIR) gold mineralised system.

> **GRC303: 8m @ 0.63g/t Au from 49m**
> **GRC304: 2m @ 2.31g/t Au from 41m**

Intrusive related gold systems are a relatively newly defined class of gold mineralisation. These holes are approximately 1km apart yet are interpreted to be part of the same system, highlighting the significant potential for extensive gold mineralisation.

This system represents a very exciting exploration frontier as its expansive strike length means there is capacity for a large tonnage mineralised system.

The vast majority of the 'contact zone' between the basalt and granodiorite has not been tested, despite historic gold mining going on in the region. Locating the contact was most likely quite problematic for previous explorers because certain geophysical and geochemical techniques would not have been available. This would otherwise have highlighted the gravity contrast between the granodiorite intrusion and basalt wall rock i.e. the target contact zone. Additionally, past efforts were hampered by piecemeal tenement holdings and almost no outcrop of gold.

Almost all exploration drilling for gold was conducted further to the west of this gold rich 'contact zone' with historic exploration focused on locating small gold deposits within basalts.

However, this re-interpretation of the historic gold results means there are likely to be two separate gold systems within the Montague tenements: (1) typical Yilgarn style orogenic gold; and (2) the recently identified Reduced Intrusion Related (RIR) Mesozonal Intrusion-Hosted mineralisation (Robert, F., et al. 2007). The ongoing geological interpretation also strongly supports this hypothesis.

Key characteristics of the gold mineralisation intersected in GRC303 supportive of an RIR model include:

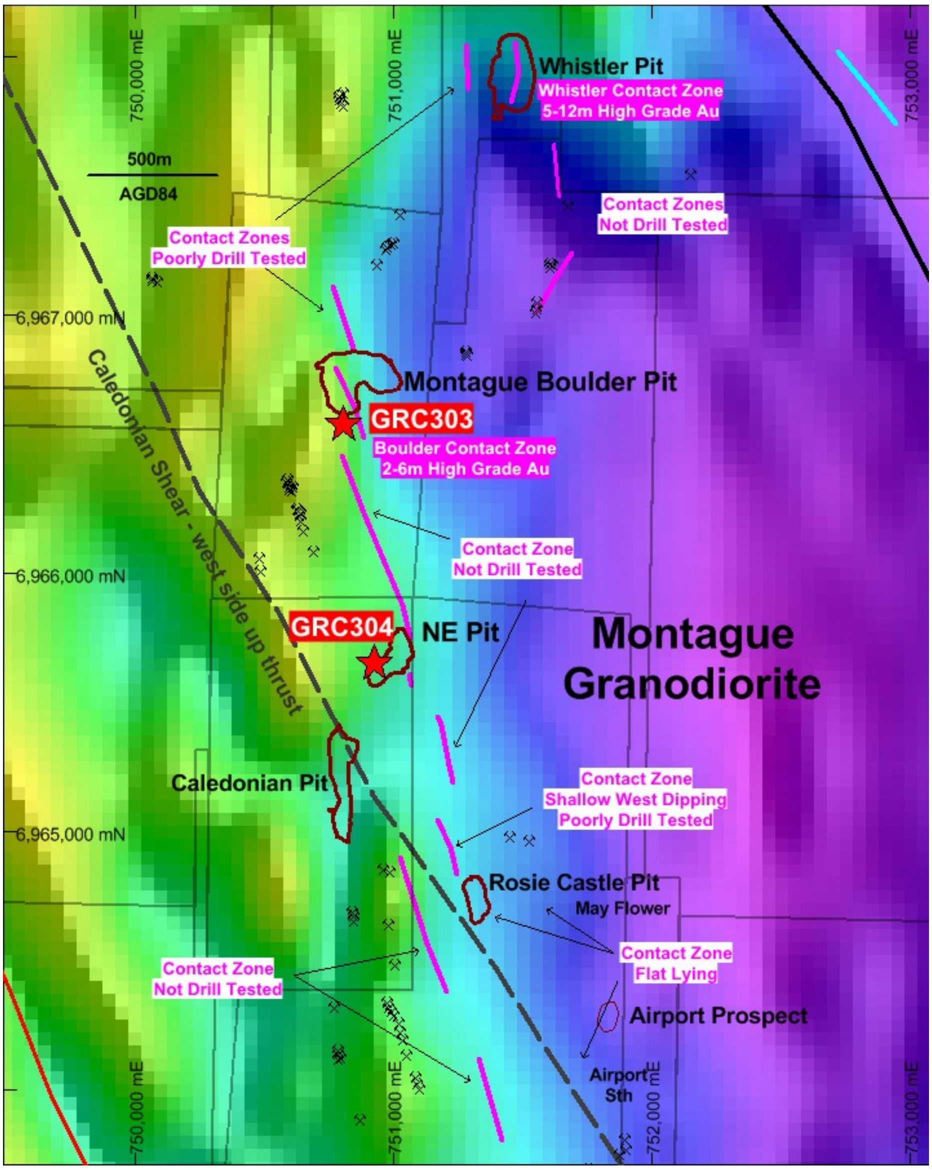
- Mineralisation has close spatial and temporal association with a felsic to intermediate intrusion with additional gold mineralisation occurrences that flank around the intrusion margin.

- Sulphide content is relatively low (<5% volume); base metal concentrations are also much lower (Cu to 304ppm, Pb to 38ppm and Zn to 285ppm).

- Gold mineralisation has associated quartz veining with miarolitic cavities and aggregates of tourmaline.

- Gold occurs in association with sheeted veining internal within the intrusion

- Geochemical indicators are for high Bi (up to 18.55ppm) and W (up to 13.3ppm), relatively low As (up to 59ppm) and gold occurs in greater abundance than silver.




The Group has continued to develop its understanding of the RIR system and has lodged Programme of Works applications to continue exploration along the contact zone. The Group remains of the view that this represents a very exciting target due to both the expected grade of gold mineralisation, and the large tonnage potential.

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

## DIRECTORS' REPORT

Your directors submit the financial report of the Group consisting of Gateway Mining Limited and its controlled entity for the year ended 30 June 2015.

## DIRECTORS

The names of directors who held office during the year:

Mr. Trent Franklin (Non-executive Chairman)

Mr. Andrew Bray (Managing Director)

Mr. Ian McDonald (Non-executive Director)

## REVIEW OF OPERATIONS

The Group has continued to advance its flagship project in Gidgee throughout the period. The Group remains of the opinion that the tenements hold tremendous potential for significant mineral discoveries, principally within the VMS systems identified throughout the project, as well as the recently discovered Reduced Intrusive Related (RIR) gold system.

The Group continues to maintain a very cost-effective approach to administration. This ensures maximum funds are available for exploration and project development. The Group looks forward to further positive developments for the upcoming period.

## PRINCIPAL ACTIVITIES

The activities of the Group during the financial year were in the mineral exploration industry principally exploration for gold and base metals as well as investment. There were no significant changes in the nature of the activities of the Group that occurred during the year.

## RESULTS AND DIVIDENDS

The loss of the Group for the financial year after providing for income tax amounted to $455,181 compared to a loss of $426,347 for the previous year. The Group is a mining exploration entity, and as such does not earn income from the sale of product. No dividends have been declared or paid during the year.

During the year 27,800,000 options as per announcement on 20/11/2014 were exercised at a price of $0.02. This raised $556,000 in funds for the Group. 1,000,000 of the options expired.

Following favourable geological reports, the Group incurred exploration expenditure of $877,904 during the year. The total net assets of the Group stands at $11,393,897 (2014: $11,386,735) of which investment in exploration expenditure accounts for $10,898,510 (2014:$10,020,606).

**DIRECTORS' REPORT**

**DIRECTORS**

The names and details of the directors of the Group in office are as follows;

**Trent Franklin**
**Non Executive Chairman**
*BSc (Geology)*

Trent Franklin is a qualified geologist with a strong track record of corporate experience. He is currently the Managing Director of Enrizen Financial Group and formerly a director of the Australian Olympic Committee Inc. and Australian Water Polo Inc. He is also an Associate of the Australian Institute of Company Directors. Furthermore, Mr Franklin holds a directorship in listed entity Mandalong Resources Limited.

**Andrew Bray**
**Managing Director**
*BEc LLB (Hons)*

Mr Andrew Bray was appointed Managing Director in October 2012. He has a background in investment banking, corporate advisory and consulting. Mr Bray was instrumental in recapitalising Gateway during 2012. He holds a Bachelor of Economics and Bachelor of Laws (Hons I) from the University of Sydney. Furthermore, Mr Bray holds directorships in listed entities Mandalong Resources Limited and Ochre Group Holdings Limited.

**Ian McDonald**
**Non Executive Director**
*BSc (Hons) (Geology)*

Mr McDonald has a career spanning more than three decades in the mineral exploration industry. He has previously held senior geologist positions with a number of leading resources companies, including Western Mining Corporation Limited, North Limited and Jabiru Metals Limited. Mr McDonald has extensive experience in VMS and Gold exploration projects.

**Gary Franklin**
**Company Secretary**
*BEc CPA (Fellow)*

Mr Franklin has in excess of 30 years' experience in Company Secretarial and Chief Financial Officer roles. He has previously worked with Wambo Coal, Hartogen Energy Group, United Collieries and Mount Isa Mines Limited. He holds a Bachelor of Economics and is a Fellow of the Society of Certified Practicing Accountants. Furthermore, Mr.Franklin holds a directorship in listed entity Broad Investments Limited.

## DIRECTORS' REPORT

### DIRECTORS' MEETINGS

During the financial year, 8 meetings of directors (including committees) were held.

| | Meetings eligible to attend | Meetings attended |
|---|---|---|
| T. Franklin | 8 | 8 |
| A. Bray | 8 | 8 |
| I. McDonald | 8 | 8 |

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

### ENVIRONMENTAL REGULATION

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING THE FINANCIAL YEAR AND AFTER THE END OF THE REPORTING PERIOD

The Group has not had any significant changes in the state of the affairs of the Group during the year. Since year end the Group has not had any significant events that have affected, or may significantly affect the Group operations, the results of the Group or the Groups state of affairs in future financial years.

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

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

### SHARE OPTIONS

At the date of this report, there were 200,000,000 options as per the table below:

| Number of Options | Ex price per option | Grant Date | Expiring on or before |
|---|---|---|---|
| 200,000,000 | 8 cents | 6 December 2012 | 6 December 2016 |

**DIRECTORS' REPORT**

## REMUNERATION REPORT

The remuneration report, which has been audited, outlines key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its regulations.

### Directors' and Specific Executives (being key management personnel) Remuneration

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

Group officers and directors are remunerated to a level consistent with the size of the Group. The Group's aim is to remunerate at a level that will attract and retain suitably qualified directors and employees.

The remuneration of non-executive directors is determined by the Board. This remuneration is by way of a fixed fee and may be supplemented by the issue of incentive options as approved by shareholders in a general meeting of the Group. No external consultants have been used.

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

As the Group is a mining exploration entity, it does not earn any revenue from the sale of product. The Group is therefore reliant on raising capital to continue operations. Consequently, the directors are very mindful of keeping cash remuneration to minimum levels. The Board may consider other non-cash remuneration in the future should it be required to attract and maintain particular talent.

The Board is of the opinion shareholder interests have been well looked after by keeping cash remuneration levels very low relative to many industry peers.

### Directors and Specified Executives (being key management personnel) Interests

As at 30 June 2015, the interests of the directors and specified executives in the shares and options of the Group were:

The number of shares held directly, indirectly or beneficially, by each Key Management Person, including their controlled entities, is as follows:

**2015**

| Key Management Person | Balance at the start of the year | Net changes during the year | Balance at the end of the year |
|---|---:|---:|---:|
| Trent Franklin | - | - | - |
| Andrew Bray | 3,700,000 | 3,363,851 | 7,063,851 |
| Ian McDonald | - | - | - |
| Gary Franklin | - | - | - |
| Scott Jarvis | - | - | - |

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**2014**

| Key Management Person | Balance at the start of the year | Net changes during the year | Balance at the end of the year |
|---|---|---|---|
| Trent Franklin | - | - | - |
| Andrew Bray | 3,300,000 | 400,000 | 3,700,000 |
| Ian McDonald | - | - | - |
| Gary Franklin | | - | |
| Scott Jarvis | | - | - |

**Option holdings of Key Management Personnel**

**2015**

| Key Management Person | Balance at the start of the year | Net changes during the year | Balance at the end of the year |
|---|---|---|---|
| Trent Franklin | - | - | - |
| Andrew Bray | - | - | - |
| Ian McDonald | - | - | - |
| Gary Franklin | 500,000 | (500,000) | - |
| Scott Jarvis | 1,000,000 | - | 1,000,000 |

**2014**

| Key Management Person | Balance at the start of the year | Net changes during the year | Balance at the end of the year |
|---|---|---|---|
| Trent Franklin | - | - | - |
| Andrew Bray | - | - | - |
| Ian McDonald | - | - | - |
| Gary Franklin | 500,000 | - | 500,000 |
| Scott Jarvis | 1,000,000 | - | 1,000,000 |

During the year the Group has not issued any shares or options as part of compensation.

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Details of Directors' Remuneration**

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

**2015**

| | Short-term benefits | | | Post-employment benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| Directors: | Fees | Non-monetary benefits | Other short-term benefits | Super-contribution | Options | |
| | $ | $ | $ | $ | $ | $ |
| T. Franklin | 42,000 | - | - | - | - | 42,000 |
| A. Bray | 204,000 | - | - | 5,700 | - | 209,700 |
| I. McDonald | 12,000 | - | - | - | - | 12,000 |
| **Total** | **258,000** | **-** | **-** | **5,700** | **-** | **263,700** |

**2014**

| | Short-term benefits | | | Post-employment benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| Directors: | Fees | Non-monetary benefits | Other short-term benefits | Super-contribution | Options | |
| | $ | $ | $ | $ | $ | $ |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | | - | - | - | - | |
| T. Franklin | 42,000 | - | - | - | - | 42,000 |
| A. Bray | 204,000 | - | - | 5,500 | - | 209,500 |
| I. McDonald | 12,000 | - | - | - | - | 12,000 |
| **Total** | **258,000** | **-** | **-** | **5,500** | **-** | **263,500** |

All remuneration is 100% fixed remuneration, with no Post-employment benefits, Long-term benefits or Share-based payments except as noted above.

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Details of Specified Executives Remuneration**

**2015**

| | | | | | Post-employment benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|---|
| | Cash Salary ($) | Annual Leave ($) | Long Service Leave ($) | Other short-term benefits ($) | Super-contribution ($) | Options ($) | ($) |
| Gary Franklin (Company Secretary) | 60,000 | - | - | - | - | - | 60,000 |
| Scott Jarvis (Head Geologist) | 150,000 | - | - | - | 14,250 | - | 164,250 |
| **Total** | **210,000** | **-** | **-** | **-** | **14,250** | **-** | **224,250** |

**2014**

| | | | | | Post-employment benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|---|
| | Cash Salary ($) | Annual Leave ($) | Long Service Leave ($) | Other short-term benefits ($) | Super-contribution ($) | Options ($) | ($) |
| Gary Franklin (Company Secretary) | 60,000 | - | - | - | - | - | 60,000 |
| | | | | * | | - | |
| Scott Jarvis (Head Geologist) | 150,000 | 3,437 | - | - | 13,875 | | 167,312 |
| **Total** | **210,000** | **3,437** | | | **13,875** | | **227,312** |

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Key Service Agreements**

Trent Franklin, *Non-Executive Chairman*

Mr Trent Franklin has entered into an agreement with the Group whereby he receives a consulting fee of $3,500 per month. The agreement between the Group and Mr Franklin is for a period of two years. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, Mr Franklin is to receive the fees that would have been payable for the remainder of the agreement had it remained in place.

Andrew Bray, *Managing Director*

A related party of Mr Andrew Bray, Andrew Bray Holdings Pty Ltd ('ABH'), has entered into a service agreement with the Group. Under the agreement, ABH receives a monthly fee of $12,000. The agreement between the Group and ABH is for a period of two years. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, ABH is to receive the fees that would have been payable to ABH for the remainder of the agreement had it remained in place. Furthermore Mr Bray receives a salary of $60,000 per year.

Ian McDonald, *Non-Executive Director*

Mr Ian MacDonald has entered into a service agreement with the Group. Under the agreement, Mr McDonald receives a monthly fee of $1,000. The agreement can be terminated by the Group by providing thirty days' written notice.

Gary Franklin, *Company Secretary*

The Service Agreement with Enilsson Asia Pacific Pty Ltd provides secretarial services to the Group, whereby it receives a secretarial fee of $5,000 per month. The agreement between the Group and Enilsson Asia Pacific Pty Ltd is for a period of two years. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, Enilsson Asia Pacific Pty Ltd is to receive the fees that would have been payable for the remainder of the agreement had it remained in place. Mr Franklin provides services to the Group on behalf of Enilsson Asia Pacific Pty Ltd.

Scott Jarvis, *Head Geologist*

Mr Scott Jarvis is employed by the Group on a permanent full time basis. Under the terms of the employment agreement he is paid a salary at the rate of $12,500 per month plus superannuation. Mr Jarvis can be terminated by the Group by providing 6 weeks' notice.

**DIRECTORS' REPORT**

**REMUNERATION REPORT (continued)**

**Voting and comments made at the Group's 2014 Annual General Meeting (AGM).**

At the 2014 AGM, 99% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2014. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**PERFORMANCE INDICATORS**

The earning of the consolidated entity for the five years to 30 June 2015 are summarised below:

| | **2015** | **2014** | **2013** | **2012** | **2011** |
|---|---|---|---|---|---|
| | **$,000** | **$,000** | **$,000** | **$,000** | **$,000** |
| Sales Revenue | N/A | N/A | N/A | N/A | N/A |
| EBITDA | (462) | (516) | (854) | (556) | (399) |
| EBIT | (462) | (516) | (1,650) | (1,694) | (401) |
| Profit / (Loss)after Income Tax | (455) | (426) | (1,573) | (1,693) | (397) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | **2015** | **2014** | **2013** | **2012** | **2011** |
|---|---|---|---|---|---|
| Share price at financial year end ($) | 0.035 | 0.040 | 0.035 | 0.035 | 0.057 |
| Total dividends declared (cents per share) | - | - | - | - | - |
| Basic earnings per share (cents per share) | (0.1609) | (0.1863) | (0.6590) | (0.0113) | (0.0032) |

This concludes the Remuneration Report which has been audited

## DIRECTORS' REPORT

### CORPORATE GOVERNANCE

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

### PROCEEDINGS ON BEHALF OF THE GROUP

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

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

### NON-AUDIT SERVICES

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

### AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the Corporations Act 2001 for the year ended 30 June 2015 is enclosed and forms part of this annual report.

### INDEMNIFYING OFFICERS

The Group has paid a premium of $13,795 to insure the directors and officers of the Group. The insurance agreement limits disclosure of premium details.

The insurance premiums relate to:

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

### INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

### EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

**DIRECTORS' REPORT**

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

**TRENT FRANKLIN**
**Non-executive Chairman**
Dated this 30th day of September 2015
Sydney

**Crowe Horwath Sydney**
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The Board of Directors
Gateway Mining Limited
Level 8, 210 George Street
Sydney NSW 2000

Dear Board Members

**Gateway Mining Limited**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Gateway Mining Limited.

As lead audit partner for the audit of the financial report of Gateway Mining Limited for the financial year ended 30 June 2015, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Crowe Horwath Sydney

**CROWE HORWATH SYDNEY**

L Russell

**LEAH RUSSELL**
Partner

Date this 30th day of September 2015

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## CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

| | NOTE | 2015 $ | 2014 $ |
|---|---|---|---|
| Interest Received | 4 | 6,555 | 90,390 |
| Employee benefits expense | | (19,950) | (22,862) |
| Professional services rendered | | (374,361) | (401,198) |
| Office expenses | | (5,427) | (11,510) |
| Compliance fees | | (1,247) | (2,963) |
| Share registry fees | | (42,918) | (41,401) |
| Travelling and entertainment | | (17,301) | (30,056) |
| Profit/(Loss) on sale of financial assets | | (27,773) | 66,398 |
| Reversal of previously recognised gain on available for sale assets | | 60,000 | - |
| Investments written off | | (3,978) | (35,401) |
| Other expenses | | (28,781) | (37,744) |
| Loss before income tax | | (455,181) | (426,347) |
| Income tax expense | 12 | - | - |
| **Loss for the period attributable to members** | | (455,181) | (426,347) |
| **Other comprehensive income:** | | | |
| Fair value gain/(loss) on available for sale financial assets | | (33,657) | 22,156 |
| Reclassification adjustment for gains included in loss for the year | | (60,000) | - |
| **Other comprehensive income for year, net of tax** | | (93,657) | 22,156 |
| **Total comprehensive income (loss) for the period attributable to members of the company** | | (548,838) | (404,191) |
| **Earnings per share** | | | |
| Basic earnings per share (cents) | 11 | (0.1609) | (0.1863) |
| Diluted earnings per share (cents) | 11 | (0.1609) | (0.1863) |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2015

| | NOTE | 2015 | 2014 |
|---|---|---|---|
| | | $ | $ |
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and Cash equivalents | 5 | 716,959 | 1,130,026 |
| Trade and other receivables | 6 | 28,703 | 235,107 |
| Financial Assets | | 0 | 95,723 |
| Exploration and evaluation expenditure Panoramic | 8 | 723,072 | - |
| **TOTAL CURRENT ASSETS** | | 1,468,734 | 1,460,856 |
| **NON-CURRENT ASSETS** | | | |
| Trade and other receivables | 6 | 28,138 | 29,702 |
| Financial assets | 7 | 30,001 | 218,634 |
| Deferred exploration and evaluation expenditure | 8 | 10,175,438 | 10,020,606 |
| **TOTAL NON-CURRENT ASSETS** | | 10,233,577 | 10,268,942 |
| **TOTAL ASSETS** | | 11,702,311 | 11,729,798 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 301,539 | 336,188 |
| Provisions | 10 | 6,875 | 6,875 |
| **TOTAL CURRENT LIABILITIES** | | 308,414 | 343,063 |
| **TOTAL LIABILITIES** | | 308,414 | 343,063 |
| **NET ASSETS** | | 11,393,897 | 11,386,735 |
| **EQUITY** | | | |
| Issued capital | 14 | 28,435,980 | 27,879,980 |
| Reserves | | 233,000 | 326,657 |
| Accumulated losses | | (17,275,083) | (16,819,902) |
| **TOTAL EQUITY** | | 11,393,897 | 11,386,735 |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

| | Contributed equity | Accumulated losses | Available for sale financial assets reserve | Share based payments reserve | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | |
| **Balance at 1 July 2013** | **27,803,980** | **(16,393,555)** | **71,501** | **233,000** | **11,714,926** |
| Loss for the period | - | (426,347) | - | - | (426,347) |
| Other comprehensive income / (loss) | - | - | 22,156 | - | 22,156 |
| **Total comprehensive income / (loss) for the period** | **-** | **(426,347)** | **22,156** | **-** | **(404,191)** |
| Contributions of equity net of transaction costs | 76,000 | - | - | - | 76,000 |
| **Balance at 30 June 2014** | **27,879,980** | **(16,819,902)** | **93,657** | **233,000** | **11,386,735** |
| Shares issued in year | 556,000 | - | - | - | 556,000 |
| Loss for the period | - | (455,181) | - | - | (455,181) |
| Reclassification adjustment for gains included in loss for the year | | | (60,000) | | (60,000) |
| Transfer to recognise decline in value of financial assets | | | (33,657) | | (33,657) |
| **Total comprehensive income / (loss) for the period** | **-** | **(455,181)** | **(93,657)** | **-** | **(548,838)** |
| **Balance at 30 June 2015** | **28,435,980** | **(17,275,083)** | **-** | **233,000** | **11,393,897** |

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2015

| | NOTE | 2015 $ | 2014 $ |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | (535,305) | (598,147) |
| Interest received | | 4,565 | 58,051 |
| **NET CASH USED IN OPERATING ACTIVITIES** | **20** | (530,740) | (540,096) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Deposits received back | | - | 45,830 |
| Proceeds from sale of investments | | 219,577 | 804,277 |
| Purchase of listed securities | | - | (66,000) |
| Loans proceeds received | | 220,000 | 302,000 |
| Loans provided | | - | (159,000) |
| Payment for exploration and evaluation | | (877,904) | (1,575,571) |
| **NET CASH USED IN INVESTING ACTIVITIES** | | (438,327) | (648,464) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from exercise of options | | 556,000 | 76,000 |
| **NET CASH FROM FINANCING ACTIVITIES** | | 556,000 | 76,000 |
| **NET INCREASE / (DECREASE) IN CASH HELD** | | (413,067) | (1,112,560) |
| Cash and cash equivalents at beginning of financial year | | 1,130,026 | 2,242,586 |
| **CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR** | **5** | 716,959 | 1,130,026 |

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30 JUNE 2015**

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

**Historical cost convention**
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

**Critical accounting estimates**
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Going Concern**
The directors believe that the going concern basis is appropriate for the preparation and presentation of the financial statements, notwithstanding continued operating losses, negative operating cash flows, and no ongoing revenue streams, as the Directors believe that the Group has sufficient cash and liquid assets or can access cash to continue operations. The access to cash is through:

a) Exercise of current options are expected on the basis that 27,800,000 options were exercised during the year ended 30th June 2015.

b) Raise additional share capital, for which the company has a history of raising funds.

In addition the directors may reduce the exploration program to maintain cash flow.

The Directors have prepared a forecast for the foreseeable future reflecting the above mentioned expectations and their effect on the Group. The forecast is conservative, and reflects current market prices, reduction in interest income, costs similar to this year for expenditure and exploration.

In the unlikely event that the above results in a negative outcome, then the going concern basis may not be appropriate with the result that the Group may have to realise its assets and extinguish its liabilities other than in the ordinary course of business and in amounts different from those stated in the Financial Report. No allowance for such circumstances has been made in the Financial Report.

**Principles of consolidation**
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gateway Mining Limited ('company' or 'parent entity') as at 30 June 2015 and the results of its subsidiary for the year then ended. Gateway Mining Limited and its subsidiary together are referred to in these financial statements as the 'consolidated entity'.
Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

### Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

### Reporting currency

The financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency. The Group does not have any exposure to foreign currency transactions and does not have any overseas operations.

### Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Discontinued operations**
A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co- ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

**Current and non-current classification**
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.
An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions other short-term, highly liquid investments with original maturities of six months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

**Trade and other receivables**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Joint operations**
A joint operation is a joint arrangement whereby the parent entity has control of the planning and physical operations of the exploration program. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

**Investments and other financial assets**
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at fair value with any re-measurements other than impairment losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

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

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

**Financial assets at fair value through profit or loss**
Financial assets at fair value through profit or loss are either i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Available-for-sale financial assets**
Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

**Impairment of financial assets**
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available- for-sale reserve.

**Exploration and evaluation assets**
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Impairment of non-financial assets**
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Trade and other payables**
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted.

**Provisions**
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**Employee benefits**
**Short-term employee benefits**
Provision is made for the Group’s liability for employee benefits, including equity settled compensation, arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows, including on-costs, to be made for those benefits.

**Defined contribution superannuation expense**
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.

- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Fair value measurement**
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**Issued capital**
Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Dividends**
Dividends are recognised when declared during the financial year. No dividends were declared or paid during the financial year.

**Earnings per share**
Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Gateway Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Comparative Figures**
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

**New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

**AASB 9 Financial Instruments**
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018. The impact of its adoption is not expected to be significant.

**AASB 15 Revenue from Contracts with Customers**
This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer

## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017. The impact of its adoption is not expected to be significant.

## NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

## NOTE 3: OPERATING SEGMENTS

**Identification of reportable operating segments**
The consolidated entity is organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Chairman, Managing Director, and Company Secretary (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews operating expenses in relation to the exploration activities and the Group’s cash position. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis. Information is presented on a consolidated cash flow basis. Cash flow funding is treated as one pool of liquid assets noting relevant terms of any maturity or exercise of any investments for the purpose of funding exploration.

Types of products and services – The principal products and services of this operating segment are in exploration operations predominately in Australia.

## NOTE 4: INTEREST RECEIVED

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Interest – Non Related Parties | 6,555 | 90,390 |

## NOTE 5: CASH AND CASH EQUIVALENTS

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Cash at bank and on hand | 7,209 | 168,741 |
| Short term deposit | 709,750 | 961,285 |
| | 716,959 | 1,130,026 |

**Reconciliation of cash**

| | | |
|---|---|---|
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows: | 716,959 | 1,130,026 |

## NOTE 6: TRADE AND OTHER RECEIVABLES

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **CURRENT** | | |
| Other Receivables | 8,213 | 235,107 |
| Prepayments | 20,490 | - |
| Total Trade and Other Receivables | 28,703 | 235,107 |
| **NON-CURRENT** | | |
| Security deposits | 28,138 | 29,702 |

Other Receivables as shown are within agreed terms. The Directors consider that they do not require impairment.

| NOTE 7: FINANCIAL ASSETS | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **CURRENT** | | |
| Shares in listed corporations-subject to contract of sale – fair value | - | 95,723 |
| **NON-CURRENT** | | |
| *Available for sale financial assets:*<br>Shares in listed and unlisted corporations-at fair value | | |
| Opening Fair Value | 218,634 | 299,482 |
| Additions | - | 126,000 |
| Disposal Consideration | (172,747) | (193,603) |
| Amount recognised in profit and loss | 21,748 | (35,401) |
| Amount recognised in comprehensive income | (37,634) | 22,156 |
| Total Non-Current Financial Assets | 30,001 | 218,634 |
| Total Financial Assets | 30,001 | 314,357 |

Available for sale financial assets comprise investments in the share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

## NOTE 8 - NON-CURRENT DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

### 8(A):NON-CURRENT ASSET, WHOLLY OWNED

| | 2015 $ | 2014 $ |
|---|---|---|
| Capitalised expenditure in respect of areas of interest at beginning of the year | 9,571,543 | 8,445,035 |
| Additions | 603,895 | 1,126,508 |
| Capitalised Exploration Expenditure at end of period | **10,175,438** | **9,571,543** |

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

**Exploration expenditure commitments**

In order to maintain current rights of tenure to exploration tenements, the Group 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.

### 8(B): CURRENT ASSET, FARM IN AGREEMENT

On 2 August 2013, the Group signed a Farm-in and Joint Venture Agreement with Panoramic Gold Pty Ltd to explore on the adjoining tenement to the Group's Gidgee tenement. As at 30 June 2015 all the costs are to Gateway's account as the threshold of $1,200,000 has not been reached. Hence the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures was not applicable. The agreement expires 2/2/2016 unless the parties agree to extend.

| | 2015 $ | 2014 $ |
|---|---|---|
| Gateway's Contribution – Panoramic Farm in agreement | | |
| Capitalised expenditure in respect of areas of interest at beginning of the year | 449,063 | - |
| Additions | 274,009 | 449,063 |
| Capitalised Exploration Expenditure at end of period | **723,072** | **449,063** |
| **Total Deferred Exploration Expenditure** | **10,898,510** | **10,020,606** |

The recoverability for the carrying amount of exploration assets is dependent upon further exploration and exploitation of commercially viable mineral deposits. The recoverability of the Panoramic Farm in agreement is also dependent on the agreement being extended or the $1.2million expenditure reached. If neither occurs the asset of $723, 072 will be fully impaired.

## NOTE 9: TRADE AND OTHER PAYABLES

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **CURRENT** | | |
| Financial Liabilities amortised as Trade and Other Payables | 301,539 | 336,188 |

## NOTE 10: PROVISIONS

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| **CURRENT** | | |
| Provisions- Annual Leave | 6,875 | 6,875 |

## NOTE 11: EARNINGS PER SHARE

| a. **Reconciliation of earnings to profit or loss** | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Loss | (455,181) | (426,347) |
| Earnings used in the calculation of basic and dilutive earnings per share | (455,181) | (426,347) |
| | No. of shares | No. of shares |
| b. **Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share** | 282,988,441 | 264,039,400 |
| Basic Earnings Per Share (cents) | (0.1609) | (0.1863) |
| Diluted Earnings Per Share (cents) (i) | (0.1609) | (0.1863) |

Diluted Earnings Per Share is capped at Basic Earnings Per Share. Weighted average number of shares Adjusted Options used is 482,997,962 for the 2015 year (2014:$492,839,400).

## NOTE 12: INCOME TAX EXPENSE

| | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Loss for current year from ordinary activities: | 455,181 | 426,347 |
| Increase in Holiday Provision | - | (6,875) |
| Change in Audit Provision | (1,000) | (4,000) |
| Impairment loss | - | (35,401) |
| Add: | | |
| Exploration Costs | 877,904 | 1,575,571 |
| Allowable provisions | - | 3,437 |
| Taxable Loss for year | 1,334,085 | 1,959,079 |
| Tax Losses brought forward from earlier years | 22,553,667 | 20,594,588 |
| Tax Losses carried forward to later years | 23,887,752 | 22,553,667 |
| Future Income Tax Benefit 30% of Tax Losses | 7,166,326 | 6,766,100 |

The tax rate used in the above table is the corporate tax rate of 30% payable by Australian corporate entities of this size on taxable profits under Australian Tax Law. There has been no change in the corporate tax rate used for the Group when compared to the previous reporting period.

The deductible temporary differences and tax losses do not expire under current legislation. Potential deferred tax assets attributable to tax losses carried forward have not been brought to account because the Directors do not believe it appropriate in regards to realizing the benefit at this time.

The potential net future tax benefits have not been brought into account within the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Within the above note, the Deferred Tax Liability ($3,075,874) (2014 ($3,006,182)) is offset against Tax Losses with the additional tax losses not recognised of $4,090,451 (2014:$3,759,918).

This potential future income tax benefit will only be obtained if:

(a) The Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the Income Tax Assessment Act 1997 and
(b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) No change in tax legislation adversely affects the Group in realising the benefits.

| **NOTE 13: AUDITORS' REMUNERATION** | **2015 $** | **2014 $** |
|---|---|---|
| Remuneration of the auditors of the Group for: | | |
| - Auditing or reviewing the financial report | 55,111 | 55,332 |

| **NOTE 14: ISSUED CAPITAL** | **2015 $** | **2014 $** |
|---|---|---|
| **a. Ordinary shares fully paid** | | |
| Balance at beginning of year | 27,879,980 | 27,803,980 |
| Issued shares | 556,000 | 76,000 |
| Balance at end of year | 28,435,980 | 27,879,980 |

| **b. Movements in ordinary shares on issue** | **2015 Number** | **2014 Number** |
|---|---|---|
| At the beginning of the financial year | 265,622,962 | 263,622,962 |
| Shares issued 15 April 2014 | | 2,000,000 |
| Shares issued 15 Nov 2014(exercise of options at $0.02) | 27,800,000 | |
| **At the end of the financial year** | 293,422,962 | 265,622,962 |

There are no current on-market share buybacks.

**c. Terms and conditions of ordinary shares**

Ordinary shares have the right to receive dividends as declared and, in event of the winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares and amount paid up on the shares held. Ordinary shares entitle their holder to vote, either in person or by proxy, at a meeting of the company.

**d. Share options**

At 30 June 2015, the details of options issued are as follows:

| Date issued | Number of Options | Exercise price per option | Expiring on or before |
|---|---|---|---|
| 6 December 2012 | 200,000,000 | 8 cents | 6 December 2016 |

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**
**FOR THE YEAR ENDED 30 JUNE 2015**

The below table shows the movement of options over the previous two full year periods.

| | Number | Weighted Average Exercise Price $ |
|---|---|---|
| **Options outstanding as at 30 June 2013** | 235,800,000 | 0.0724 |
| Granted | - | - |
| Exercised | (2,000,000) | 0.0380 |
| Expired | (5,000,000) | 0.0380 |
| **Options outstanding as at 30 June 2014** | 228,800,000 | 0.0723 |

| | Number | Weighted Average Exercise Price |
|---|---|---|
| **Options outstanding as at 30 June 2014** | 228,800,000 | 0.0723 |
| Granted | - | - |
| Exercised | (27,800,000) | 0.0200 |
| Expired | (1,000,000) | 0.0200 |
| **Options outstanding as at 30 June 2015** | 200,000,000 | 0.0800 |

**e. Capital Management**

The directors control the capital of the Group in order to ensure that adequate cash flows are generated to fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, supported by financial assets.

There are no externally imposed capital requirements.

The directors effectively manage the Group's capital by assessing the Group's financial risks and responding to changes in these risks. These responses include share issues.

There have been no changes in the strategy adopted by management since the prior year.

**f. Available For Sale Financial Assets Reserve**

This reserve is used to recognise the increments and decrements on the fair value of available for sale of financial assets.

**g. Share Based Payments Reserve**

This reserve is used to recognise the fair value of options granted during the year.

## NOTE 15: CONTINGENT LIABILITIES, CAPITAL EXPENDITURE AND MINING TENEMENT COMMITMENTS

The Board of Directors believe that there are no contingent liabilities or capital equipment commitments up to or subsequent to the 30th June 2015 (2014: Nil). The mining tenement commitments as at the 30th June 2015 are $755,700 (2014:$606,000).

## NOTE 16: EVENTS SUBSEQUENT TO REPORTING DATE

No matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

## NOTE 17: CONTROL GAINED / LOST OVER CONTROLLED ENTITIES

During the twelve month period to 30th June 2015, Gateway Mining Limited continued to control Boomgate Nominees Pty Ltd as a 100% owned subsidiary. The subsidiary was established in the year ended 30 June 2013. The subsidiary is incorporated in Australia.

## NOTE 18: RELATED PARTY TRANSACTIONS

### a. Directors

The names and positions held of Group key personnel are:

| Key Management Person | Position |
|---|---|
| Trent Franklin | Non-Executive Chairman |
| Andrew Bray | Managing Director |
| Ian McDonald | Non-Executive Director |
| Gary Franklin | Company Secretary / CFO |
| Scott Jarvis | Head Geologist |

### b. Directors loans

No director has received any loans from the Group nor has the Group made any loans to directors. The details of Directors' and Key Management Personnel remuneration and service agreements are referred to earlier in the Remuneration Report.

### c. Other

Trent Franklin: Enrizen Pty Ltd, a company of which Mr Franklin is a director, received a fee of $6,400 for providing Insurance and Risk Consulting Services for the Group.(2014:$1,166)

## NOTE 19: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits at banks, other financial institutions, receivables and payables, and available for sale financial assets.

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

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

| Financial assets | Note | 2015 $ | 2014 $ |
|---|---|---|---|
| Cash and cash equivalents | **5** | 716,959 | 1,130,026 |
| Security deposits | **6** | 28,138 | 29,702 |
| Available-for-sale financial assets -at fair value: | | | |
| - Listed investments | **7** | 30,001 | 314,357 |
| Trade & Other Receivables | **6** | 8,213 | 235,107 |
| **Total Financial Assets** | | **783,311** | **1,709,192** |
| Financial liabilities | | | |
| - Trade and other payables | **9** | 301,539 | 336,188 |
| **Total Financial Liabilities** | | **301,539** | **336,188** |

**Financial Risk Management Policies**

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

**Financial Risk Exposures and Managements**

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

**Interest Rate Risk**

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

The Group has a mix of fixed rate and variable financial instruments. The loans in other receivables are fixed rate, all others are variable.

**Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial abilities and exploration expenditure. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are maintained. During the 2015 year, the Group raised funds through shareholders exercising options.

### Financial Liability and financial assets maturity analysis

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

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

| | Maturing with 1 Year | | Maturing 1 to 5 Years | | Total | |
|---|---|---|---|---|---|---|
| | **2015 $** | **2014 $** | **2015 $** | **2014 $** | **2015 $** | **2014 $** |
| **Financial *Assets*** | | | | | | |
| Cash | 716,959 | 1,130,026 | | - | 716,959 | 1,130,026 |
| Receivables & others | 8,213 | 235,107 | | - | 8,213 | 235,107 |
| Security deposits | - | - | 28,138 | 29,702 | 28,138 | 29,702 |
| Available for sale financial assets | 30,001 | 314,357 | | - | 30,001 | 314,357 |
| *Total anticipated inflows* | 755,173 | 1,679,490 | 28,138 | 29,702 | 783,311 | 1,709,192 |
| **Financial Liabilities** | | | | | | |
| Sundry payables and accruals | 301,539 | 336,188 | - | - | 301,539 | 336,188 |
| *Total expected outflows* | 301,539 | 336,188 | - | - | 301,539 | 336,188 |
| *Net inflow on financial instruments* | **453,634** | **1,343,302** | **28,138** | **29,702** | **481,772** | **1,343,302** |

**Credit Risk**

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

**Fair Value**

The fair values of listed investments have been valued at the fair value predominantly being the quoted market bid price at the end of the reporting period.

*Fair value hierarchy*
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability
All financial assets held by the Group are assessed as Level 1 financial assets.

All financial assets held by the Group are assessed as Level 1 financial assets. See note 2 for an explanation of level 1 financial assets.

| **Consolidated - 2015** | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| *Assets* | | | | |
| Ordinary shares available-for-sale | 30,001 | - | - | 30,001 |
| Total assets | 30,001 | - | - | 30,001 |

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. Exploration assets are measured at cost.

**Sensitivity Analysis**

The effect on the Group's results and equity at 30 June 2015 from exposure to interest rates risk at the end of the reporting period would not be material. The Group has exposure to changes in the share market. The share market falling by greater than 10% may result in the ordinary shares available for sale decreasing in value by approximately $1,026,980. Conversely an increase in 10% could result in the ordinary shares available for sale increasing in value by approximately $1,026,980 The Group does not have exposure to Currency risk.

| NOTE 20: RECONCILIATION OF LOSS TO NET CASH OUTFLOWS FROM OPERATING ACTIVITIES | 2015<br>$ | 2014<br>$ |
|---|---|---|
| Loss for the period | (455,181) | (426,347) |
| Non-Cash flows in profit from Ordinary Activities | | |
| Interest related to investments | - | 32,339 |
| Loss on disposal | 27,773 | 66,398 |
| Investments written off | (56,022) | 35,401 |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in trade and other debtors | (12,662) | 17,232 |
| Increase/(decrease) in trade creditors | (34,648) | (71,082) |
| Increase/(decrease) in provision | - | 3,437 |
| Net cash flow from operating activities | (530,740) | (540,096) |

## NOTE 21: PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity

| **Statement of profit or loss and other comprehensive income** | **Parent** | |
|---|---|---|
| | **2015**<br>**$** | **2014**<br>**$** |
| Profit (loss ) after income tax | (455,181) | (426,347) |
| Total comprehensive income/(loss) | (455,181) | (404,191) |

| **Statement of financial position** | **Parent** | |
|---|---|---|
| | **2015**<br>**$** | **2014**<br>**$** |
| Total current assets | 1,468,755 | 1,460,856 |
| Total assets | 11,702,311 | 11,729,798 |
| Total current liabilities | 308,414 | 343,063 |
| Total liabilities | 308,414 | 343,063 |
| Equity | | |
| Issued capital | 28,435,880 | 27,879,880 |
| Reserve | 233,000 | 362,758 |
| Retained profits | (17,275,083) | (16,856,003) |
| Total equity | 11,393,897 | 11,386,635 |

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

*Capital commitments*

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

The mining tenement commitment as at 30 June 2015 is $755,700 (2014:$606,000).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in Note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are account for at cost, less any impairment, in the parent entity.

## NOTE 22: INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiary in accordance with the accounting policy described in Note 1:

| Name | Principal place of business/ Country of incorporation | Ownership interest 2015 % | Ownership interest 2014 % |
|---|---|---|---|
| Boomgate Nominees Pty Ltd | Australia | 100.00% | 100.00% |

## NOTE 23: INTERESTS IN JOINT VENTURES

The Group has not yet reached the expenditure level to activate the full joint venture agreement with Panoramic Resources Limited.

## NOTE 24: COMPANY DETAILS

The registered office & sole principal place of business of the Group is:

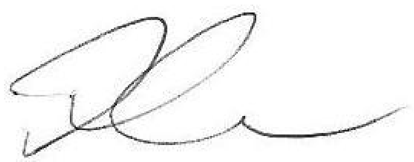
Gateway Mining Limited
Level 8, 210 George Street
Sydney NSW 2000 Australia

## DIRECTORS DECLARATION

The directors of the Group declare that:

1. The financial statements and notes of the Group as set out on pages 19-50 are in accordance with the Corporations Act 2001 and:
    a. Comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
    b. Give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group;
2. The directors have been given the declarations required by s295A of the Corporations Act 2001 from the Chief Financial Officer for the financial year ended 30 June 2015, and
3. In the directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



**TRENT FRANKLIN**
**Non-executive Chairman**
Dated this 30th day of September 2015
Sydney

**Crowe Horwath Sydney**
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# Gateway Mining Limited and Controlled Entities

**Independent Auditor's Report to the Members of Gateway Mining Limited**

## Report on the Financial Report

We have audited the accompanying financial report of Gateway Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gateway Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Auditor's Opinion*

In our opinion:

a. the financial report of Gateway Mining Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the consolidated entity's financial position as at **Error! Reference source not found.**5 and of its performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

*Emphasis of Matter*

Without modifying our opinion, we draw attention to Note 1 in the financial report which indicates that the entity incurred a net loss of $455,181 during the year ended 30 June 2015 and has limited income streams for future years. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Report on Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Auditor's Opinion*

In our opinion, the Remuneration Report of Gateway Mining Limited for the year ended 30 June 2015, complies with section 300A of the *Corporations Act 2001.*

Crowe Horwath Sydney

**CROWE HORWATH SYDNEY**

L Russell

**LEAH RUSSELL**
Partner

Dated this 30th day of September 2015

## SHARE HOLDER INFORMATION

**a.** Voting Rights

The total number of shareholders was 1,193 and each share carried one vote in person, by proxy or poll

**b.** Distribution of Shareholders by Number

| Category (size of Holding) | Ordinary |
|---|---|
| 1-1,000 | 233 |
| 1,001-5,000 | 279 |
| 5,001-10,000 | 136 |
| 10,001-100,000 | 332 |
| 100,001- and over | 213 |
| Total | 1,193 |

**c.** Number of shareholdings held in less than marketable parcels is 233

**d.** There are no substantial shareholders

**e.** 20 largest Shareholders as at 30th September 2015

| | HOLDER NAME | NUMBER HELD | PERCENTAGE |
|---|---|---|---|
| 1 | HSBC CUSTODY NOMINEES | 23,687,559 | 8.07% |
| 2 | BBY NOMINEES LIMITED | 12,302,730 | 4.19% |
| 3 | MR LIM KIM QUEE | 10,669,605 | 3.64% |
| 4 | MR LIM CHOR NAM | 10,600,000 | 3.61% |
| 5 | UBS WEALTH MANAGEMENT | 9,000,000 | 3.07% |
| 6 | MR WONG CHI WAI | 8,680,000 | 2.96% |
| 7 | SACHA INVESTMENTS PTY LTD | 8,450,000 | 2.88% |
| 8 | MR KOK LEONG TAN | 8,309,716 | 2.83% |
| 9 | MS PATRICIA EDITH WONG | 8,300,000 | 2.83% |
| 10 | CITICORP NOMINEES PTY LIMITED | 7,693,631 | 2.62% |
| 11 | ANDREW GORDON BRAY | 7,063,851 | 2.41% |
| 12 | MR IVAN CHI HUNG WONG | 6,400,000 | 2.18% |
| 13 | MR EDWIN ZIHONG CHEN | 6,000,000 | 2.04% |
| 14 | MR GEORGE FREDERICK MARON & | 5,265,000 | 1.79% |
| 15 | S M S (COMMON FUND) PTY LTD | 4,500,000 | 1.53% |
| 16 | STRATEGIC WEALTH JOURNIES | 4,148,285 | 1.41% |
| 17 | BNP PARIBAS NOMS PTY LTD | 4,072,487 | 1.39% |
| 18 | BOND STREET CUSTODIANS LIMITED | 3,969,988 | 1.35% |
| 19 | DRS DIWAN PTY LTD | 3,625,000 | 1.24% |
| 20 | GREAT PACIFIC INVESTMENT PTY | 3,500,000 | 1.19% |
| | TOTAL | 156,237,852 | 53.25% |

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Gateway Mining Limited is responsible for the corporate governance of the Group.

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 Group.

Board and Management Functions

Generally, the Board is responsible for establishing the policies of the Group, overseeing its financial position, approving major capital expenditures, exploration programs and expenditures. The small management team is responsible for the Group'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 Group does not have a formal Board character.

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.

The Directors in office at the date of this statement are: Trent Franklin (Non-Executive Chairman), Ian McDonald (Non-executive Director), and Andrew Bray (Executive & Managing Director)

Under current ASX guidelines, two of the current Board (Trent Franklin and Ian McDonald) are considered to be independent directors. Each Director of the Group has the right to seek independent professional advice at the expense of the Group. Prior approval of the Chairman is required but this will not be unreasonably withheld.

Due to the small size of the Board, the Group 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.

Diversity Policy

Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Group holds its people in the highest esteem and considers them to be its greatest asset. The Group is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. In decisions on engaging future talent in the Group, diversity, skill and aptitude for the role are the key considerations in our engagements.

Codes of Conduct

The Group 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 Group.

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

In relation to share trading, Directors, employees and key consultants are not permitted at any time whilst in the possession of price sensitive information not already available to the market to deal in any of the company's securities. In addition, the law prohibits insider trading, and the Corporations Act and the ASX Listing Rules require disclosure of any trading undertaken by Directors or their related entities in the Group's securities.

Audit Committee

The Group 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 Group'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 Group does not have formal written policies regarding disclosure, it uses strong informal systems underpinned by experienced individuals.

Communications Strategy

While the Group 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 Group 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 Group's website as soon as it is disclosed to the ASX.

When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the Group'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 Group's auditor who, in accordance with the Corporations Act, is required to attend the Group'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 Group 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 Group 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 Group has established a Remuneration Committee comprising the Chairman and Company Secretary.

Written Agreement with each director and each executive.

The terms of the appointment of each director and each executive are set out in writing and cover matters such as term, remuneration, reporting, service requirements, and termination of the Agreement.