



Gateway Mining Limited and its controlled entity

**INTERIM FINANCIAL REPORT
FOR SIX MONTHS ENDED
31 DECEMBER 2016**

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GATEWAY MINING LIMITED and its controlled entity
ABN: 31 008 402 391

DIRECTORY

Registered Office	Level 11 52 Phillip Street Sydney NSW 2000	Telephone: 02 8316 3998 Facsimile: 02 8316 3999 Email: info@gatewaymining.com.au
Principle Place of Business	Level 11 52 Phillip Street Sydney NSW 2000	
Directors	Mr. Trent Franklin (Non-executive Chairman) Mr. Andrew Bray (Managing Director) Mr. Gary Franklin (Non-executive Director)	
Company Secretary	Mr. Gary Franklin	
Auditors	Crowe Horwath Sydney Chartered Accountants Level 15 1 O'Connell Street Sydney NSW 2000	
Solicitors	Chris Apostolakos Solicitor PO Box 325 Padstow, NSW 2211	
Bankers	Macquarie Bank Limited 1 Shelley St Sydney NSW 2000	Commonwealth Bank of Australia Tower 1, 201 Sussex St Sydney NSW 2000
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153 Telephone: (08) 9315 2333 Facsimile: (08) 9315 2233	
Securities Exchange Listing	The Group is listed on the Australian Securities Exchange under Code GML	
Website	www.gatewaymining.com.au	

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INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2016.

DIRECTORS

The names of directors who held office during or since the end of the half-year:

Mr. Trent Franklin (Non-executive Chairman)

Mr. Andrew Bray (Managing Director)

Mr. Gary Franklin (Non-executive Director)

PRINCIPAL ACTIVITIES

The activities of the Group during the half-year were in the mineral exploration industry principally exploration for gold, precious, and base metals. There were no significant changes in the nature of the activities of the Group that occurred during the half year.

OPERATIONS REVIEW

Gidgee Project

During the half-year to the 31st December 2016, the Group has continued to advance its Gidgee Project in Western Australia.

Regional activity around the Company's Gidgee project has continued to advance favourably. The owners of the Gum Creek Gold project, Panoramic Resources Ltd, recently announced that they have lodged a Prospectus with Australian Securities and Investments Commission for an ASX listing of the project with an accompanying planned \$15 million fund raising. The funds are to be used to advance their project and carry out development studies.

Gateway holds highly prospective ground with proven high-grade gold mineralisation within a truckable distance to the Gum Creek Gold Project's proposed operations. This neighbouring development provides enhanced value to the Company's project. Furthermore, there is ongoing development further afield which may provide additional development options.

Gateway has continued, nevertheless, to advance the Gidgee project, focusing on modelling the resource and planning for resource drilling on the already-identified gold mineralisation.

General Acquisition Opportunities

During the 6 months to 31 December 2016, Gateway has been conducting due diligence on a number of projects and these are now approaching an advanced stage. Should any of these opportunities materialise the Company will promptly inform the market.

Queensland Coal Opportunity

The Queensland Coal Project reached a stage subsequent to 31st December 2016 where a provisional agreement with Queensland Coal Investment Holdings Limited "QCIH" could be signed on 6th February 2017 whereby Gateway would acquire 100% of the share capital of QCIH which in turn owns the Wilton and Fairhill coal projects in Queensland.

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Share Placement

Gateway completed during November 2016 a share placement for 25,000,000 shares at \$0.02 raising \$500,000 for working capital. It is planned that shareholders will be entitled to apply for new shares on the same terms as the placement, should the Group proceed with an announcement.

Financial Results

The loss of the Group for the half-year to 31 December 2016 was \$590,500 after writing-off \$336,143 compared to a loss of \$245,492 for the previous comparative half-year. The write-off is associated with a tenement area of lesser priority, as exploration funds would be diverted away from the major area of prospectivity identified elsewhere on the Gidgee Project and so these tenements have been surrendered.

The Group incurred exploration expenditure of \$203,024 during the current half-year to 31 December 2016 compared to \$222,107 for the prior half-year to 31 December 2015.

The Group's cash and cash equivalents at 31 December 2016 was \$70,265 (June 2016: \$342,849). The total net assets of the Group at 31 December 2016 stands at \$9,962,121 (June 2016: \$10,052,621) of which investment in exploration expenditure accounts for \$10,217,753 (June 2016: \$10,350,872).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year. The provisional agreement with QCIH signed on the 6th February 2017 and referred to elsewhere, should it proceed to a conclusion may have a significant change in the Group's state of affairs in the future.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* is set out on page 6 for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors.



TRENT FRANKLIN

Non-executive Chairman

Dated this 15th day of March 2017

15 March 2017

The Board of Directors
Gateway Mining Limited
Level 11, 52 Phillip 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 review of the half-year financial statements of Gateway Mining Limited for the half-year ended 31 December 2016, 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



LEAH RUSSELL

Senior Partner

GATEWAY MINING LIMITED and its controlled entity
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	31 Dec 2016	31 Dec 2015
	\$	\$
Interest received – non related party	2,008	10,880
Employee benefits expense	(4,275)	(15,675)
Professional services rendered	(174,000)	(173,624)
Office and administration expenses	(3,752)	(8,292)
Share registry fees	(31,895)	(32,595)
Travelling and entertainment	(343)	(20,509)
Exploration expenses written-off	(336,143)	-
Impairment of available for sale financial assets	(2,100)	(5,676)
Share placement fees	(40,000)	-
Loss before income tax	(590,500)	(245,491)
Income tax expense	-	-
Loss for the half-year	(590,500)	(245,491)
Other comprehensive income:		
Fair value loss on available for sale financial assets	-	-
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive loss for the half-year attributable to the owners of the company	(590,500)	(245,491)
Earnings per share		
Basic earnings per share (cents)	(0.19)	(0.08)
Diluted earnings per share (cents)	(0.19)	(0.08)

The accompanying notes form part of these financial statements.

GATEWAY MINING LIMITED and its controlled entity
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	NOTE	31 Dec 2016 \$	30 June 2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	70,265	342,849
Trade and other receivables		10,261	2,931
TOTAL CURRENT ASSETS		80,526	345,780
NON-CURRENT ASSETS			
Trade and other receivables		28,487	28,378
Financial Assets	3	22,757	24,857
Deferred exploration and evaluation expenditure	6	10,217,753	10,350,872
TOTAL NON-CURRENT ASSETS		10,268,997	10,404,107
TOTAL ASSETS		10,349,523	10,749,887
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		380,527	690,391
Provisions		6,875	6,875
TOTAL CURRENT LIABILITIES		387,402	697,266
TOTAL LIABILITIES		387,402	697,266
NET ASSETS		9,962,121	10,052,621
EQUITY			
Issued capital		28,935,980	28,435,980
Reserves		233,000	233,000
Accumulated losses		(19,206,859)	(18,616,359)
TOTAL EQUITY		9,962,121	10,052,621

The accompanying notes form part of these financial statements.

GATEWAY MINING LIMITED and its controlled entity
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Contributed Equity	Accumulated losses	Available for sale financial assets reserve	Share Based payments reserve	Total
	\$	\$	\$	\$	\$
Balance at 1.7.2015	28,435,980	(17,275,083)	-	233,000	11,393,897
Loss for the half-year	-	(245,491)	-	-	(245,491)
Other comprehensive loss	-	-	-	-	-
Total comprehensive loss for the half year	-	(245,491)	-	-	(245,491)
Transactions with owners in their capacity as owners:					
Shares issued in the half year	-	-	-	-	-
Balance at 31.12.2015	28,435,980	(17,520,574)	-	233,000	11,148,406
Balance at 1.7.2016	28,435,980	(18,616,359)	-	233,000	10,052,621
Loss for the half year	-	(590,500)	-	-	(590,500)
Other comprehensive loss	-	-	-	-	-
Total comprehensive income / (loss) for the half- year	-	(590,500)	-	-	(590,500)
Transactions with owners in their capacity as owners:					
Shares issued during the half year	500,000	-	-	-	500,000
Balance at 31.12.2016	28,935,980	(19,206,859)	-	233,000	9,962,121

The accompanying notes form part of these financial statements.

GATEWAY MINING LIMITED and its controlled entity
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	NOTE	31 Dec 2016 \$	31 Dec 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(301,643)	(42,043)
Interest and other income received		<u>2,008</u>	<u>10,880</u>
NET CASH USED IN OPERATING ACTIVITIES		<u>(299,635)</u>	<u>(31,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Loan proceeds received		-	30,026
Payment for exploration and evaluation		<u>(432,949)</u>	<u>(65,259)</u>
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(432,949)</u>	<u>(35,233)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	4	<u>460,000</u>	<u>-</u>
NET CASH FROM FINANCING ACTIVITIES		<u>460,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH HELD		<u>(272,584)</u>	<u>(66,396)</u>
Cash at the beginning of the financial year		<u>342,849</u>	<u>716,959</u>
CASH AT 31 DECEMBER 2016	2	<u>70,265</u>	<u>650,563</u>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

The financial statements are general purpose interim financial statements that have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the requirements of *Corporations Act 2001*.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Gateway Mining Limited and its controlled entity. It is therefore recommended that this financial report be read in conjunction with annual financial statements of the group for the year ended 30 June 2016, together with any public announcements made during the following half-year.

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

b. Accounting Policies

The financial statements are general purpose interim financial statements that have been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the requirements of *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

c. Critical Accounting Estimates and Significant Judgments Used in Applying Accounting Policies

The critical estimates and judgments are consistent with those applied and disclosed in the June 2016 annual report.

d. 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.

e. 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. This is based on ability to raise share capital, defer payments due to directors and receive a loan facility from a current director.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. 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 31 December 2016 and the results of its subsidiary for the period 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.

g. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2: CASH AND CASH EQUIVALENTS

	31 Dec 2016 \$	30 June 2016 \$
Cash at bank and on hand	70,265	232
Short term deposit-less than 6 months	-	342,617
Total cash and cash equivalents	<u>70,265</u>	<u>342,849</u>

NOTE 3: FINANCIAL ASSETS

	31 Dec 2016 \$	30 June 2016 \$
NON CURRENT		
Available for sale financial assets:		
Shares in listed corporations at fair value		
Opening fair value	24,857	30,001
Disposals	-	-
Amount recognised in profit and loss	(2,100)	(5,144)
Amount recognised in comprehensive income	-	-
Total non-current financial assets at the end of half-year	<u>22,757</u>	<u>24,857</u>

Available for sale financial assets comprise investments in the share capital of various entities.

NOTE 4: SHARE PLACEMENT

The Group completed during November 2016 a share placement for 25,000,000 shares at \$0.02 totalling \$500,000 of which \$460,000 was received as cash for working capital and a share placement fee of \$40,000 was settled in shares. The number of ordinary shares in the Group as at 31 December 2016 totals 318,422,962 fully paid ordinary shares.

NOTE 5: SHARE OPTIONS

At 31st December 2016, the details of options issued are as follows:

	Number	Weighted Average Exercise Price \$
Options outstanding as at 30 June 2016	200,000,000	0.0800
Expired	(200,000,000)	0.0800
Options outstanding as at 31 December 2016	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 6 - NON-CURRENT DEFERRED EXPLORATION AND EVALUATION EXPENDITURE	31 Dec 2016 \$	30 June 2016 \$
NON-CURRENT ASSET		
Capitalised expenditure in respect of areas of interest at beginning of the half-year	10,350,872	10,175,438
Additions	203,024	175,434
Expenditure written-off	(336,143)	-
Capitalised exploration expenditure at the end of the half-year	<u>10,217,753</u>	<u>10,350,872</u>

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

Exploration and evaluation expenditure for areas of interest for which rights of tenure are current is carried forward as an asset where it is expected that the expenditure will be recovered through the successful development of an area 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 of economically recoverable reserves. Where a project or an area has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

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.

GATEWAY MINING LIMITED and its controlled entity

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7: 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 31 December 2016 (June 2016: Nil). The mining tenements commitment as at the 31 December 2016 was \$528,600 (June 2016: \$606,080).

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

The following matters have arisen since the reporting date that affect the Group's financial position and may affect its state of affairs and profitability in future financial years.

1. A loan facility of \$300,000 has been received by the Group since year end 2016.
2. Gateway signed a provisional agreement dated 6th February 2017 with Queensland Coal Investment Holdings Limited "QCIH" indicating Gateway's desire to purchase 100% of the issued capital of QCIH for \$10,000,000 in cash and \$50,500,000 to be satisfied by the issue of Gateway ordinary shares at \$0.012 per share. As background, QCIH is the 100% owner of Coal of Queensland Pty Ltd and Fairhill Coking Coal Pty Ltd which in turn hold full rights to the Wilton and Fairhill coal projects in Queensland.

NOTE 9: 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
Gary Franklin	Non-executive Director & Company Secretary / CFO
Scott Jarvis	Head Geologist

b. Directors loans

No director has received any loans from the Group. The Group has payables to directors at period end for fees not paid. Total outstanding was \$277,500

NOTE 10: INTEREST IN CONTROLLED ENTITY

During the six month period to 31 December 2016, Gateway Mining Limited continued to control its 100% owned subsidiary Boomgate Capital Pty Ltd.

GATEWAY MINING LIMITED and its controlled entity
ABN: 31 008 402 391

DIRECTORS DECLARATION

The Directors of the Group declare that;

1. The financial statements and notes, as set out on pages 7-15 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - b. giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



TRENT FRANKLIN
Non-executive Chairman

Dated this 15th day of March 2017
Sydney

Independent Auditor's Review Report to the members of Gateway Mining Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Gateway Mining Limited and its controlled entity (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Gateway Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gateway Mining Limited is not in accordance with the Corporations Act 2001 including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the half year financial report which indicates that the entity incurred a net loss of \$590,500 and net current liabilities of \$306,876 during the period ended 31 December 2016 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.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL

Partner

Dated this 15th day of March 2017