



22 September 2017

Gateway Secures Major Funding Agreement

- Gateway secures A\$8,000,000 cornerstone investment from Baker Steel Resources Investment Trust
- Significant vote of confidence in Gateway's acquisition and development plans

Gateway Mining Limited ("Gateway" or "the Company") is pleased to provide a transaction update in relation to its acquisition of Queensland Coal Investment Holdings Limited ("QCIH"), as announced to the market on 1 March 2017 ("Acquisition").

In order to finance the Acquisition of QCIH, Gateway was required to conduct a capital raising of A\$25,000,000.

Accordingly, the Company is very pleased to announce it has entered into a convertible note and share subscription agreement ("the Agreement") with Baker Steel Resources Trust Limited ("BSRT") for a funding package of a minimum A\$8,000,000 and up to A\$10,000,000.

BSRT is a specialist natural resource investment company listed on the London Stock Exchange managed by Baker Steel Capital Managers LLP ("Baker Steel")

The Agreement is structured as follows:

- BSRT will subscribe for convertible notes to a total value of A\$6,400,000, the key terms of which include:
 - (i) 128 unsecured convertible redeemable loan notes each with a face value of A\$50,000;
 - (ii) three (3) year term
 - (iii) a conversion price of \$0.0144 per share on a pre-consolidated basis (\$0.36 per share on a post-consolidated basis) being a 20% premium to the equity capital raising price; and
 - (iv) an interest rate of 8% per annum; and
- BSRT will also participate in the Company's proposed equity capital raising and will subscribe for 133,333,350 shares at an issue price of \$0.012 per share on a pre-consolidated basis (\$0.30 per share on a post-consolidated basis) to raise A\$1,600,000.

Within ninety days of the Company's extraordinary general meeting to approve the Acquisition, BSRT may elect to subscribe for up to:

- an additional 32 convertible notes at an issue price of \$50,000 per note at a subscription amount of A\$1,600,000; and



- an additional 33,333,333 shares at an issue price of \$0.012 per share on a pre-consolidated basis (\$0.30 per share on a post-consolidated basis), to the value of A\$400,000.

The Agreement and receipt of the funds remains subject to a number of conditions precedent, including completion of the Acquisition, Australian Securities Exchange ("ASX") and shareholder approval, and the Company raising no less than A\$15,000,000 under a public offer of shares to institutional and retail investors.

Full details of the Agreement will be provided in the Company's Notice of Meeting and Prospectus, which the Company hopes to provide to the market in the coming weeks.

Trent Franklin, Chairman of Gateway, said "We are delighted to have secured substantial funding for the transaction from a group of the calibre of Baker Steel. Baker Steel are a specialist natural resource investor with extensive technical expertise, and their vote of confidence in the acquisition demonstrates the inherent value in the Company's acquisition and development strategy. In the opinion of the Board, the transaction has the potential for tremendous shareholder wealth creation as the new coal projects move towards development."

Particular thanks also goes to the Company's appointed advisors, Don Carroll and Cameron Vorias, whose contribution to the transaction has been invaluable.

Update on Transaction

The Company is nearing completion of the Notice of Meeting for the approval of the Acquisition and associated requirements, including the capital raising and consolidation of capital.

Additionally, the Company is nearing the completion of a Prospectus and expects that it will be lodged with the Australian Securities and Investments Commission ("ASIC") in the coming month. The Prospectus will also be simultaneously lodged with the ASX.

Timetable

The Company presently expects the Transaction to progress as per the following revised timetable:

| Date | Item |
|-----------------|---|
| 9 October 2017 | Dispatch of Notice of Extraordinary General Meeting |
| 10 October 2017 | Lodgment of Prospectus with ASIC and ASX |
| 17 October 2017 | Offer Opening Date |
| 8 November 2017 | Extraordinary General Meeting |



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|------------------|--|
| 10 November 2017 | Offer Closing Date – 5.00pm AEST |
| 15 November 2017 | Completion of Transaction, issue of shares, consolidation of capital |
| 15 November 2017 | Shares reinstated to official quotation by ASX, subject to ASX approval and compliance with all relevant Listing Rules |

The above timetable is subject to change and is provided as an indication of the Company's expectations as at the date of this Announcement.

For full details of the Transaction, please refer to the Company's announcement of 1 March 2017.

Yours faithfully,

Gary Franklin
Company Secretary

Disclaimer:

For the purpose of Chapter 11 of the Listing Rules, the Company provides the following information:

- 1) The Acquisition contemplated will require shareholder approval according to the Listing Rules. If approval is not given by members of the Company, the Acquisition may not proceed.
- 2) The Company is required to re-comply with Chapters 1 and 2 of the Listing Rules (Admission & Quotation), and if these requirements are not met, the Acquisition may not proceed.
- 3) ASX will have absolute discretion in deciding whether to re-admit Gateway to its official list, and if ASX exercises this discretion, the Acquisition may not proceed.

Accordingly, shareholders should consider these uncertainties in deciding whether or not to trade in the Company's securities.

The Company also advises that ASX takes no responsibility for the contents of this announcement, and that Gateway continues to comply with its continuous disclosure obligations under Listing Rule 3.1.