



ASX Announcement: 3 April 2019

## GATEWAY DIVESTS NON-CORE EDJUDINA EXPLORATION ASSETS AS IT MAINTAINS WA GOLD FOCUS

**Transaction with ASX listed Trek Metals Limited consistent with Gateway's focus on rapidly advancing its flagship Gidgee Gold Project**

Gateway Mining Limited (ASX: GML) (**Gateway** or **Company**) is pleased to advise that it has entered into an option agreement for the sale of its Edjudina Project exploration licences in the Laverton Region of Western Australia as part of its strategy of crystallising value from its portfolio of non-core exploration assets while maintaining a strong focus on gold exploration and development at its flagship Gidgee Gold Project.

The Company, through its wholly-owned subsidiary Omni Projects Pty Limited (**Omni Projects**), has entered into a conditional option agreement (**Transaction**) with ASX listed Trek Metals Limited (ASX:TKM) (**Trek**) under which Trek has an exclusive option to acquire Omni Project's interests in E39/1765, E39/1882, E31/1150 and E31/1134 (**Tenements**) (**Option Agreement**).

Under the terms of the Option Agreement, in consideration for a non-refundable option fee of A\$10,000, Trek has an exclusive six-month option (**Option Term**) to acquire the Tenements (**Option**). Trek must also conduct a minimum \$100,000 of expenditure on the Tenements, which includes drilling commencing within three months of signing the Option Agreement (**Minimum Expenditure**).

Completion of the Transaction is subject to the following conditions precedent:

- **Purchase Due Diligence:** Trek conducting due diligence enquiries on the Project and Trek giving written notice to Omni Projects that it is satisfied with its due diligence enquiries, within 14 days after the date of execution of the option agreement;
- **Mining Information:** Trek giving written notice that it is satisfied that Omni Projects has provided all relevant mining information and other material required to enable completion of the acquisition;
- **Tenement Extension of Term and Tenements in Good Standing:** Trek giving written notice that it is satisfied that Omni Projects has obtained any extension of term documentation as required for the tenements and that the tenements are in good standing.
- **Option Exercise Notice:** As at the completion date, provision by Trek that the representations and warranties of Omni Projects are true and correct in all respects,

(Collectively, **Conditions**).

Subject to the satisfaction or waiver of the Conditions, Trek may at any time during the Option Term exercise the Option by providing written notice to the Company, and pay to the Company the following consideration:

- (a) (**Cash Consideration**): cash consideration of A\$50,000;
- (b) (**Share Consideration**): equivalent of A\$200,000 of Trek shares calculated based on a 5-day VWAP, subject to a voluntary escrow period of six months; and
- (c) (**Royalty Consideration**): the grant of a 1.5% net smelter royalty over the Tenements (payable after the first production of 200,000 ounces of Au).

Completion will occur five business days after all of the Conditions have been satisfied or waived by the parties (**Completion**).

Subject to Completion occurring and Trek making a public announcement of an indicated JORC resource of more than 400,000 ounces of gold (or an equivalent mineral product) (**Public Announcement**), The Company will receive the following deferred consideration:

- (a) (**Cash Payment**): a cash payment of A\$1,000,000 payable within 14 days of the Public Announcement; and
- (b) (**Cash or Share Payment**): A\$3,000,000 in cash or Trek shares (valued at a 5 day VWAP) at Trek's absolute discretion payable within 14 days of a public announcement of a decision to mine.

During the Option Term and in the event of exercise of the Option, then until Completion, Trek shall be solely responsible for:

- (a) maintaining the Tenements in good standing in accordance with all applicable laws including the Minimum Expenditure requirements being met. Trek must contribute the Minimum Expenditure regardless of whether or not it exercises the Option; and
- (b) all rehabilitation of the Tenements including all costs relating to rehabilitation of the Tenements. In the event that Trek does not exercise the Option, it will only be responsible for rehabilitation of work actually carried out by it on the Tenements during the Option Term.

The Company will keep the market informed as the Transaction progresses.

## **MANAGEMENT COMMENT**

Gateway's Managing Director, Peter Langworthy, said the option agreement with Trek provided a pathway to crystallise value from its Edjudina Project in partnership with an experience ASX listed exploration company who has a strategic refocus in the region.

"We are excited to enter into this partnership with Trek, an experienced ASX listed company, with experienced corporate and technical team that is looking to refocus its activities in the Laverton Region of Western Australia." he said.

"The transaction will also us to continue our aggressive focus on our flagship Gidgee Gold Project whilst concurrently allows us to realise and chrystallise value of one of our non-core assets, which includes cash, shares, a future production royalty and significant long term upside via deferred consideration."

Peter Langworthy  
Managing Director

***For and on behalf of***  
**GATEWAY MINING LIMITED**

### **Competent Person Statement**

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled or reviewed by Mr Peter Langworthy who is a full-time employee of Gateway Mining Ltd and is a current Member of the Australian Institute of Mining and Metallurgy. Mr Peter Langworthy has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Langworthy consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.