



ASX Announcement: 18 January 2021

GATEWAY TO DIVEST SHAREHOLDING IN LIGHTHOUSE RESOURCES HOLDINGS PTY LTD

Transaction with ASX-listed DiscovEx Resources crystallises additional value from a non-core asset, consistent with Gateway's focus on the Gidgee Gold Project in WA

Gateway Mining Limited (ASX: GML) (**Gateway** or **Company**) is pleased to advise that it has entered into a share sale agreement with DiscovEx Resources Limited (ASX: DCX) (**DCX**) for the sale of its 7,500,000 fully-paid ordinary shares in Lighthouse Resources Holdings Pty Ltd (**Lighthouse**).

Gateway acquired the shares in Lighthouse, held through its wholly-owned subsidiary Gateway Projects WA Pty Ltd (**Gateway Projects**), as part of a transaction announced on 28 July 2020 which saw it divest its Sylvania Project Exploration Licences in the Sylvania Inlier area of Western Australia, comprising E52/3365 and E52/3366 (**Tenements**), to Lighthouse.

The sale of these Tenements formed part of the Company's strategy of crystallising value from its portfolio of non-core exploration assets while maintain a strong focus on ongoing gold exploration and development activities at its flagship 100% owned Gidgee Gold Project. As part of the Sylvania Transaction, Gateway received:

- \$150,000 worth of Lighthouse shares, comprising 7,500,000 fully-paid ordinary shares at an issue price of \$0.02 per Share; and
- The grant of a 1.5% gross revenue royalty over the Tenements.

Lighthouse has assembled a significant portfolio of projects on the margin of the Archean Sylvania Inlier near Newman, WA. The area is highly prospective for base metals, as demonstrated by the advanced Prairie Downs Zinc-Lead Deposit, and for large-scale gold systems similar to the nearby 2Moz Karlawinda Gold Project.

In a transaction announced separately today, DCX has agreed to acquire a 100% interest in Lighthouse (**Transaction**) (see DCX announcement, 18 January 2021). The consideration to be given by DCX for the acquisition of Lighthouse will be a total of 337,500,000 new fully-paid ordinary shares in DCX (**Consideration Shares**), to be issued to the shareholders of Lighthouse (or their nominees) on a pro-rata basis.

Gateway currently holds an interest of approximately 26.8% of Lighthouse, which means that on completion of the Transaction it will receive approximately 90,482,574 of the Consideration Shares. On completion Gateway will hold a total of 116,798,363 in DCX, which will represent a shareholding of approximately 4.55% in DCX, assuming the maximum amount is raised under DCX's proposed \$4million capital raising. Through its subsidiary Gateway Projects, Gateway will also retain its 1.5% gross revenue royalty over the Tenements.

Completion of the Transaction is conditional upon the following conditions being satisfied or waived by DCX:

- (a) Various shareholder approvals being received from DCX shareholders in an upcoming General Meeting;
- (b) DCX receiving executed restriction agreements for some of the Consideration Shares as part of an ASX imposed escrow (Gateway notes its Consideration Shares are not subject to any ASX imposed escrow);
- (c) DCX obtaining all regulatory consents and approvals which are necessary for the acquisition of all Lighthouse shares, including all approvals required from the ASX;

- (d) DCX completing a placement to raise at least \$3.5M;
- (e) no material adverse change having occurred in relation to Lighthouse prior to completion of the Transaction;
and
- (f) no breach of representations or warranties of the parties.

The Share Sale Agreement between DCX, Lighthouse and Gateway contain various other customary terms, such as restrictions on Lighthouse's activities pending the Transaction, warranties and termination events for unremedied breaches, certain other adverse events or failure to satisfy or waive the conditions precedent by 30 April 2021.

MANAGEMENT COMMENT

Gateway's Non-Executive Chairman, Trent Franklin, said the agreement with DiscovEx represented another positive step in the Company's well-established track record of crystallising value from the sale of its non-core assets as it continued to focus on unlocking the potential of its flagship Gidgee Gold Project in WA.

"We divested our non-core Sylvania Project to Lighthouse last year and we are pleased with how quickly our shareholding in Lighthouse will be converted into a material holding in a well-established junior ASX-listed company," he said. "Gateway will retain exposure not just to the Sylvania Project, but also to DiscovEx's existing portfolio of promising WA exploration projects.

"We already have a strong relationship with DiscovEx, which has an experienced corporate and technical team. This team is being further bolstered by the new board additions of Kim Massey from Capricorn Metals and Heath Hellewell, who has significant technical experience. The Transaction preserves exposure for our shareholders to future upside from exploration success through a future production royalty and a significant number of shares in DCX."

This release has been authorised by:
Trent Franklin
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For and on behalf of
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