

ABN: 31 008 402 391
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Website: www.gatewaymining.com.au
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31 July 2014

Quarterly Activities Report

Highlights:

- **Completion of approximately 1,400m of RC drilling and 500m of diamond drilling**
- **Further confirmation of extensive VMS system**
- **EM surveying and aircore drilling commencing soon over high priority early stage targets**
- **Balance sheet of approximately \$1.6m**

During the Quarter, Gateway Mining Ltd ('Gateway' or 'the Company') continued to advance its Gidgee project in Western Australia by completing approximately 1,400m of RC drilling and 500m of diamond drilling.

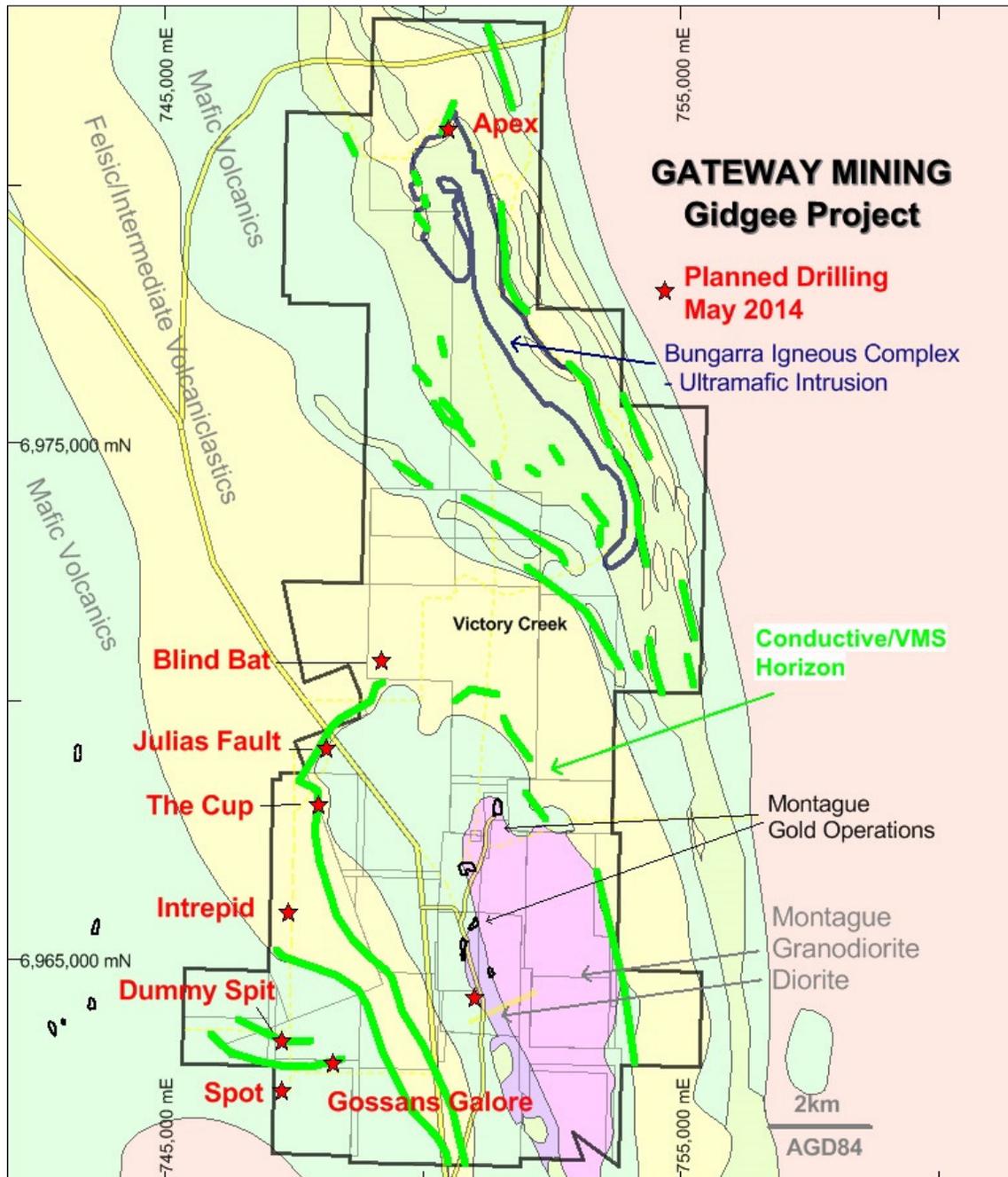
The RC drilling focused primarily on testing early stage targets within the identified Volcanogenic Massive Sulphide (VMS) stratigraphy.

The Company drilled its first two holes at the Blind Bat and Intrepid prospects. Both holes intersected the VMS stratigraphy, returning promising geochemistry and representing very attractive follow up targets. Drilling at Julia's Fault continued to intercept significant gold intersections, while the Apex target returned very anomalous nickel and copper.

The results of this program (and previous programs) confirm the Company's confidence that the tenement package represents a very significant VMS system. Further work is required to located zones of higher grade material and the Company will continue its strategy of systematically testing areas which have strong potential to host high grade mineralisation.

The Company has finished designing an aircore program which is expected to commence in approximately three weeks' time. There are a number of very promising targets within the stratigraphy which the aircore program will target. A high powered moving loop electromagnetic survey will also be completed during this time. The survey is designed to better define known conductive units before follow up RC and diamond drilling in September/October.

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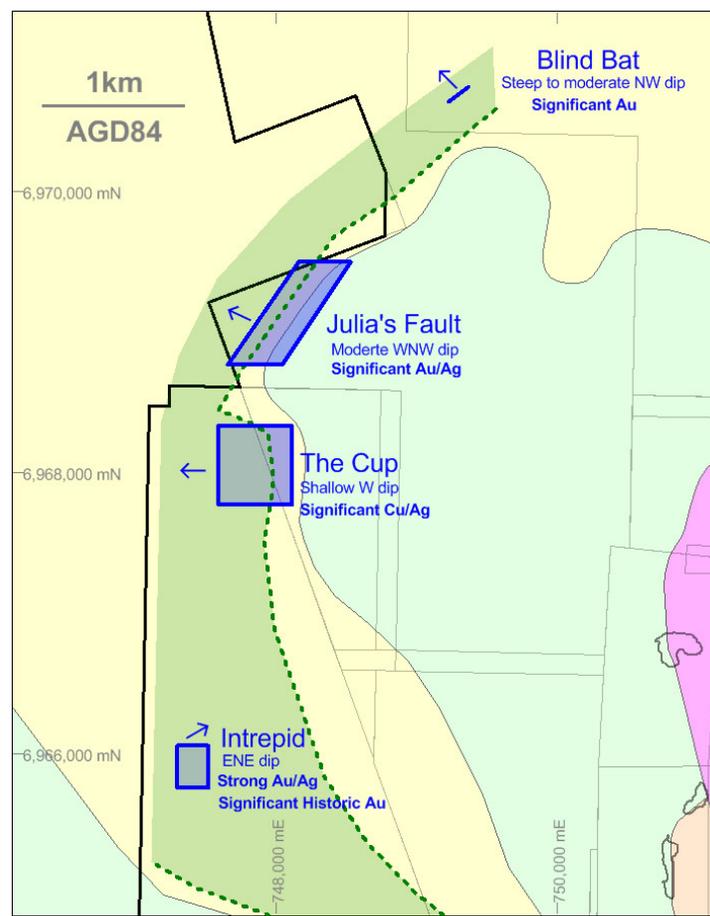
Overview of drill holes from May 2014 program.

The Cup

GDD003 was drilled at The Cup and was designed to test the chalcocite zone with diamond drilling. The hole intersected:

53m @ 1.01% Cu, 1.77g/t Ag from 67m
Incl 27m @ 1.55% Cu, 0.95g/t Ag from 87m

A strong sulphide zone was intersected at the top of the copper mineralisation with better copper grade sitting below the base of the sulphide zone in lower saprolite clays (reduced clays). Dark and light banding in the clay was returned in drill core and when analysed using an XRF gun the darker bands were more strongly mineralised for copper. The lamination is most likely the product of supergene weathering with the darker bands enriched in the copper sulphide mineral chalcocite. Structural measurements taken from GDD003 support geometry of mineralised interpretations.



Overview of targets within the VMS stratigraphy

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This level of copper represents an approximate 10% increase in grade compared with previous drilling. Further work is being planned at The Cup to continue developing an understanding of the mineralised horizon. However, work to date shows that it is an excellent mineralised target that warrants further step out and extensional drilling.

Apex

One RC hole was drilled at Apex targeting DHTeM conductivity that was identified during the previous round of drilling in March 2014. Drilling intersected a wide zone of ultramafic intrusive rocks anomalous for Ni, Pt, Pd and Cu including:

60m @ 0.11% Ni, 0.04g/t Pt and 0.13g/t Pd from 180m

Highly elevated magnetic susceptibility readings were also returned at or close to these anomalous intersections.

Further geophysical work is planned in the area to better define further conductive units. The Apex area has very strongly anomalous surface expression of sulphide mineralisation and very anomalous results in drilling.

Also intersected were sheared zones of fine grained biotite alteration with up to 25% sulphide content and these are the most likely cause of localised EM conductivity. In particular a 30m zone of alteration from 110m corresponds closely to the location of modelled DHTeM conductivity. The biotite alteration is depleted for Ni, Pt and Pd but has moderately elevated anomalism for Cu, W and Mo.

Julia's Fault

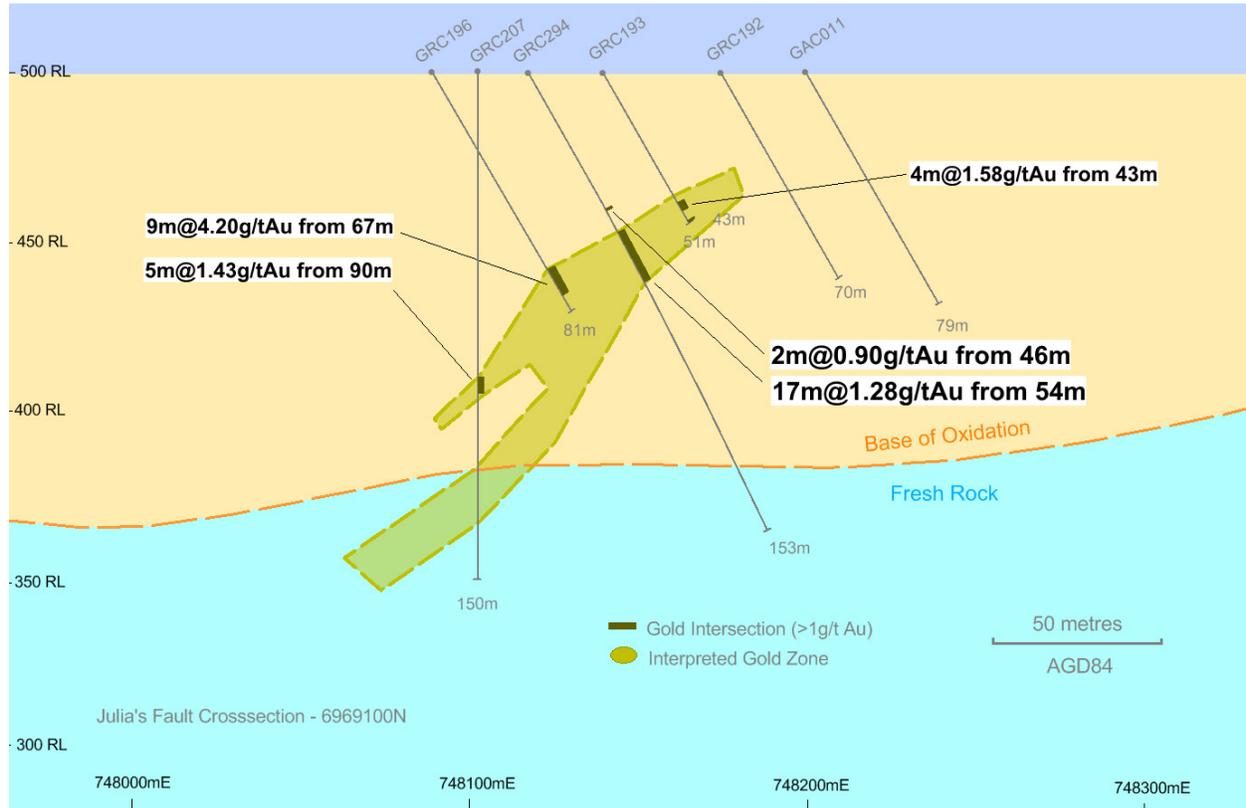
GRC294 was drilled at Julia's Fault prospect targeting copper and gold mineralisation. Much historic work in the area was not assayed for a full multielement suite, with a significant number of samples not having copper assays. Hence the hole was designed to test for both copper and gold, along with the objective of obtaining a wider set of assays. Significant gold mineralisation was intersected including:

17m @ 1.28g/t Au and 3.20g/t Ag from 54m

Gold enrichment occurred within a highly weathered siliceous gossan in fine grained intermediate tuffaceous rocks. The gold zone is also strongly anomalous for antimony to 142.5ppm and arsenic to 7640ppm. Other multi-element anomalism includes Bi to 2.13ppm, Mo to 11.1ppm, Pb to 293ppm, Se to 46ppm and W to 7.1ppm.

A 2m zone of enriched copper (+1000ppm) and silver associated with weak sulphide dissemination was intersected at the base of the gold zone and at the top of lower saprolite weathering. The copper zone targeted in the lower portion of the hole was not encountered. This copper zone was an interpreted possible extension of strong sulphide/copper intersected 50m to the south in GRC206.

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Potential exists for stronger gold grades further north on the tenement. The Company is currently planning additional work surrounding the known gold mineralisation.

Blind Bat

Diamond drill hole GDD005 intersected VMS related stratigraphy that would appear to explain the conductor identified in FLTEM surveying. Stratigraphy includes two 8m wide zones of massive pyrite overlying 40 metres of carbonaceous shale. The sulphide zones and the shale show elevated VMS multi-element anomalism and sit at the contact between sheared basalt and fine grained felsic tuffaceous rocks. The massive sulphide zones show signs of possible re-mobilisation, perhaps during the phase of high deformation that has caused shearing in the overlying basalt. Moderately intense quartz veining and biotite alteration are located at the base of the carbonaceous shale that appear related to later stage orogenic hydrothermal activity.

The top of the hole consists of strongly sheared basalt with selvages of relative low deformation. Diagenetic fracture fill quartz veining within the basalt occurs as occasional coarse 'conglomeritic quartz eyes' up to 5cm throughout sheared zones. Shearing has moderate to steep NW dip. The basalt above

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the contact of the upper sulphide zone is sericite altered grading up to silica alteration approaching the contact. Altered basalt is anomalous Mo to 7.96ppm and Sb to 12.35ppm.



Sheared Basalt – 225.7m

(286–294m) Upper massive sulphide zone: This 8m sulphide zone commences from 286m and is comprised of a pyrite dominant massive sulphide perimeter with a pyrrhotite core. The massive pyrite is laminated and perhaps emplaced or re-mobilised during the phase of deformation that has resulted in the shearing of the overlying basalt. The pyrite is anomalous for gold (Au to 1.14g/t and minimum Au 0.45g/t, see also significant intersection above) whilst the pyrrhotite is anomalous for copper (Cu to 1240ppm and min Cu 900ppm). Both pyrite and pyrrhotite are otherwise strongly anomalous for Ag to 2.36g/t, Pb to 114ppm, As to 2400ppm, Sb to 147ppm and Cd to 3.2ppm, low range anomalism occurs for Bi to 2.62ppm.



Laminated Massive Sulphides (dominantly pyrite) – 293m

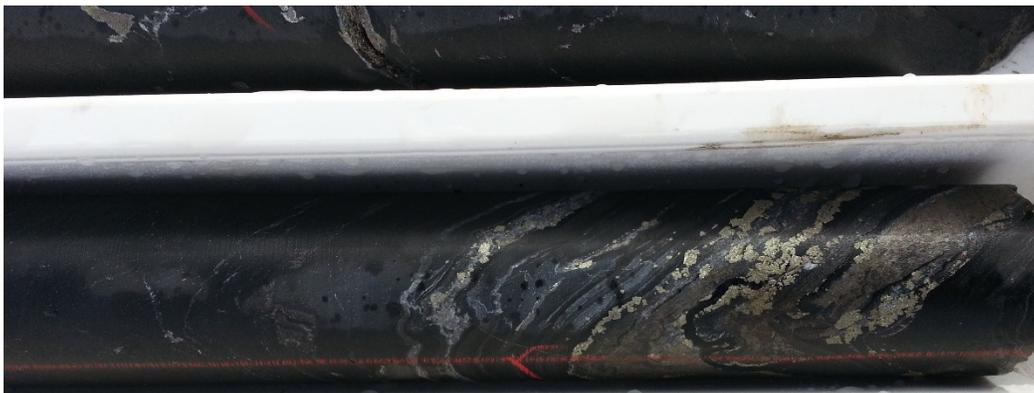
(294-304m) Strongly altered basalt lies between the massive sulphide zones that has very high arsenic, up to 9520ppm.

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(304-312m) Lower massive sulphide zone: This sulphide zone is also 8m wide and is comprised completely of pyrite dominant massive sulphides with similar character to the pyritic sulphides of the upper zone, strong anomalism occurs for Au to 0.31g/t, Ag to 2.07g/t, Pb to 127ppm, As to 730ppm, Sb to 188ppm, Cd to 1.3ppm with low range anomalism for Bi to 0.95ppm. There is a narrow band of strong zinc/cadmium/indium/selenium at the upper contact, 0.9m @ 0.54% Zn, 11.8ppm Cd, 2.41ppm In, 19ppm Se from 304.1m depth, There are also minor inclusions of the underlying carbonaceous shale within these sulphides.

(312-352m) Carbonaceous shale: A 40m wide, black, fine grained zone below the massive sulphide mineralisation is an interpreted unit of carbonaceous shale. There is no shearing, nor do underlying rocks show signs of significant deformation. A 9m zone of strong quartz veining (45%) occurs at the base of the shale. The shale contains 10 to 15% pyrite and pyrrhotite stringers and is strongly anomalous for multi-elements including Ag to 1.11ppm, Zn to 2000ppm, Pb to 85ppm, As to 129ppm, Sb to 32.5ppm, Sn to 10.6ppm, Bi to 1.46ppm, Mo to 7.98ppm, In to 1.27ppm. The zone of quartz veining at the base of the shale is more anomalous for As (to 1460ppm) but less anomalous for Sb (to 6.3ppm).



Carbonaceous shale, pyrite/pyrrhotite stringers – 328m

The lower portion of the hole consists of flow banded fine grained felsic tuff. Minor quartz veining is flanked by zones of black, fine grained biotite alteration.

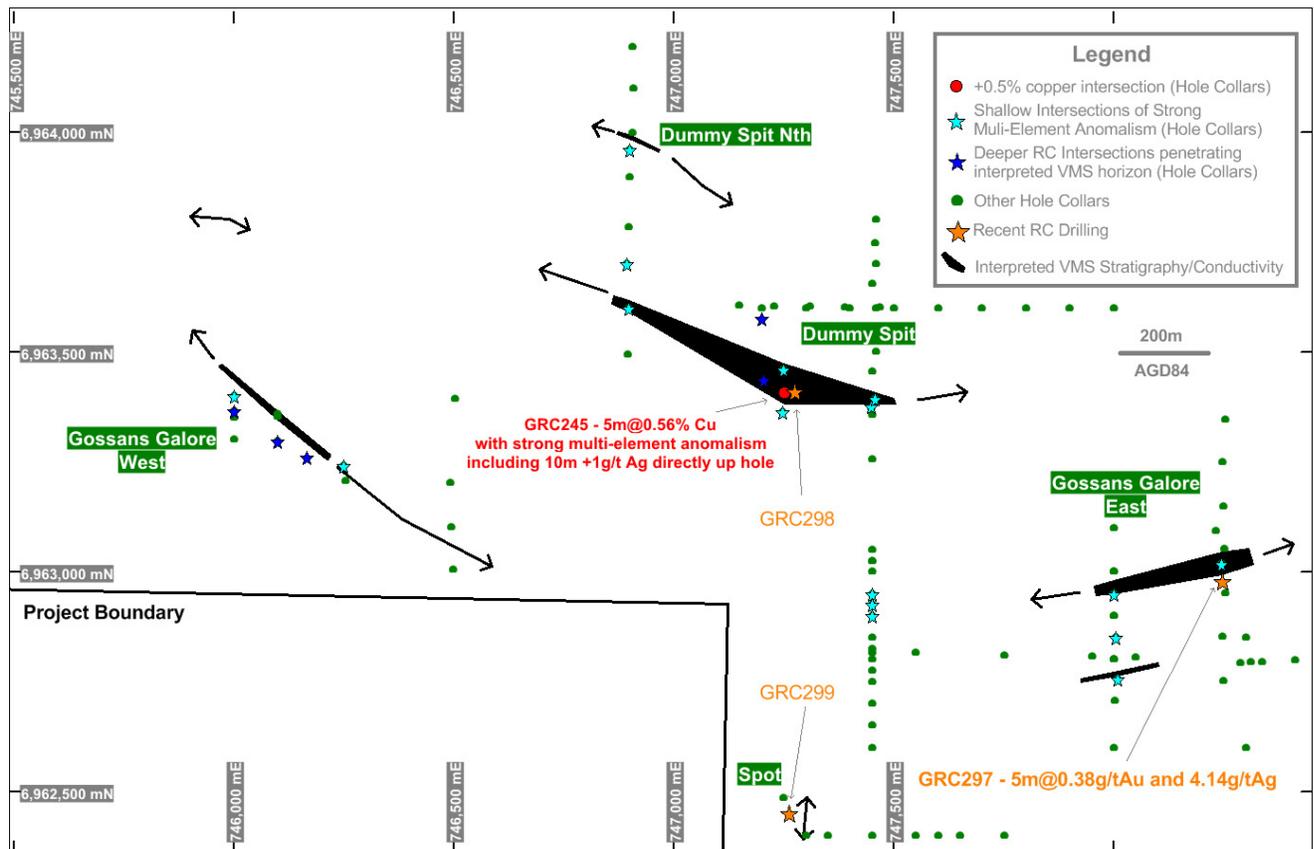


Gossans Galore

Gossans Galore East:- GRC297 is the first RC hole drilled at Gossans Galore East where shallow transported cover overlies a strong conductive response from ground MLTEM work and strong geochemical anomalism was intersected in shallow aircore drilling.

Recent drilling successfully intersected VMS stratigraphy including gossan and sulphide zones in carbonaceous shale. 41 meters of strongly sulphidic carbonaceous shale was intersected from 72m depth with sub-vertical to steep northerly dip.

Strong silver/gold anomalism was intersected including 25m @ 0.12g/t Au and 2.09g/t Ag from 100m depth including **5m @ 0.38g/t Au and 4.14g/t Ag from 115m**. Other geochemical anomalism includes As to 229ppm, Bi to 1.04ppm, Cd to 10.25ppm, Cu to 432ppm, Mo to 3.66ppm, Pb to 134ppm, Sb to 7.22ppm, Sn to 6ppm, W to 4.5ppm and Zn to 1140ppm. Intersection of VMS stratigraphy with strongly anomalous gold and silver is an encouraging result for this section of the project where only significant copper had been intersected to date and exploration is in very early stages.



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The Spot is defined by an electromagnetic anomaly identified in previous MLTEM surveying. Drilling successfully intersected a broad zone of conductive lithology consisting of sulphidic basalt. Multi-element anomalism intersected includes Pb to 71.5ppm, W to 5.4ppm, As to 63.8ppm and Cd to 2.96ppm.

Dummy Spit: At Dummy Spit the prospective VMS horizon sits at the contact between VMS sediments and basalt. GRC298 drilled through pallid saprolitic clay (interpreted as the weathering product of carbonaceous shale), and continued through the prospective horizon into the basalt footwall unit. No significant sulphide accumulation was intersected at the contact and neither was strong anomalism for base metals or multi-elements. A surprising result given it was drilled only 25m away from GRC245 that intersected 5m @ 0.56% Cu from 90m. Potential for extension of the copper in GRC245 now appears to be limited to down dip to the north and to the northeast.

Upcoming aircore program

The Company will release details of the planned aircore program in approximately a fortnight.

The program is schedule to commence in mid to late August. The program is designed to meet tenement expenditure on a number of tenements, while also to follow up on significant surface samples and leads in previous exploration work which to date have not been followed up. Throughout the VMS stratigraphy and the Montague Granodiorite there are a large number of highly anomalous prospects which represent attractive early stage targets.

Balance Sheet

The Company has approximately \$1.6m available in cash, debt securities term deposits and listed equities for future exploration programs and working capital.

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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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Gateway Mining Limited

ABN

31 008 402 391

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date 12 months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
Payments for (a) exploration & evaluation	(252)	(1,452)
1.2 (b) development	-	-
(c) production	-	-
(d) administration	(99)	(481)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	68
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(120)
Net Operating Cash Flows	(341)	(1,985)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	706
(c) other fixed assets	-	-
1.10 Loans to other entities	-	(305)
1.11 Loans repaid by other entities	312	539
1.12 Other	-	-
Net investing cash flows	312	940
1.13 Total operating and investing cash flows (carried forward)	(29)	(1,045)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(29)	(1,045)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	76	76
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Capital Raising Costs)	-	-
	Net financing cash flows	76	76
	Net increase (decrease) in cash held	47	(969)
1.20	Cash at beginning of quarter/year to date	1,228	2,244
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,275	1,275

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	49
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director & consultancy fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	260
4.2 Development	-
4.3 Production	-
4.4 Administration	100
Total	360

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	166	102
5.2	Deposits at call	1,109	1,126
5.3	Bank overdraft	-	-
5.4	Other (cash on deposit held by non-bank financial institution)	-	-
Total: cash at end of quarter (item 1.22)		1,275	1,228

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	-	-		
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	263,622,962	263,622,962		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-		
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>	28,800,000 200,000,000	-	<i>Exercise price</i> 2 cents 8 cents	<i>Expiry date</i> 15 Nov 2014 6 Dec 2016
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	2,000,000	-	3.8 cents	15 Apr 2014
7.10 Expired during quarter	5,000,000	-	3.8 cents	15 Apr 2014
7.11 Debentures <i>(totals only)</i>	-	-		
7.12 Unsecured notes <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does ~~/does not~~* (*delete one*) give a true and fair view of the matters disclosed.

(signature held on file)

Sign here: Date: 31 July 2014

(Company secretary)

Print name: Gary Franklin

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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