Gateway Mining Limited and its controlled entity

ANNUAL REPORT 2017

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

Contents

CORPORATE DIRECTORY

Directors:

- Mr Trent Franklin (Non-Executive Chairman)
- Mr Andrew Bray (Managing Director)
- Mr. Gary Franklin (Non-executive Director)

Company Secretary:

- Mr Gary Franklin

Registered Office:

Level 11
52 Phillip Street
Sydney NSW 2000

Telephone: +61 2 8316 3998
Facsimile: +61 2 8316 3999
Email: info@gatewaymining.com.au

Share Registry:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Auditors:

Crowe Horwath Sydney
Chartered Accountants
Level 15
1 O'Connell Street
Sydney NSW 2000

Solicitors:

Enrizen Lawyers Pty Ltd
Level 11
52 Phillip Street
Sydney NSW 2000

Securities Exchange Listing:

The Group is listed on the Australian Securities Exchange under code GML

Website:

www.gatewaymining.com.au

OPERATIONS REVIEW

The Group is pleased with headway made during the year at the Gidgee Project located 70km north of the township of Sandstone, in central Western Australia. Confidence continues to firm with growing understanding of major mineralising systems contained.

Progress included developments of the **'Montague System'**, a major gold target that has exciting potential for expansive strike and large tonnage, mineralisation correlates with a Reduced Intrusive Related (RIR) system (Robert, F., et al. 2007). Favourable geological settings for high grade gold are identified, the definition and development of which is key to achieving value outcomes, and include:

- The **Contact Zone** setting occurs internal of syn-volcanic intrusives such as the granodiorite of the Montague Intrusion, and along the outer intrusion margin adjacent to the contact with intrusion wall rocks. The vast majority of Contact Zone has not been tested, despite historic gold mining going on in the region. Mineralisation containing significant coarse gold. Geophysical attributes that assist exploration targeting include gravity, magnetics and conductivity.

- **Orogenic Gold** style mineralisation is interpreted extensively distributed, and comprises steeply dipping shear hosted quartz veining that appears to 'overprint' the initial RIR style, locally re-mobilising gold, trace metals and sulphides into shear hosted 'trap sites'.

(for more detail refer to the Group's announcement 3/10/2016 'Annual Report to shareholders').

Activities conducted during the 2017 financial period included advancing of the Gidgee Project to JORC standards, and, increases to the overall scale of the Montague System target, including:

- **In-situ mineralisation assessments** conducted for significant zones of high grade gold assessed remaining in-situ at Caledonian and NE Pit historic open cut mines after historic mining ended at the Montague Mining Centre in 1993. These assessments involve the modelling of mineralised zones based on drill hole intercepts, alongside geological observations made from open cut mine walls, as well as information from historic mine reports.

In-situ mineralisation at Caledonian and NE Pit are in addition to other high grade gold zones assessed during the previous year remaining in-situ at the Whistler, Boulder and Montague historic open cut mines, as well as several other high grade gold zones assessed from past Gateway drill hole test work at Rosie North, S Bend, and Airport prospects. All of the above mentioned in-situ zones of mineralisation are represented in the below figure, and are typically located at shallow depth and remain open for extension.

Also, geological observations from the southeast wall of the Boulder (west) section of the Montague Pit brought about the reinterpretation of the eastern portion of the geological model for Boulder. The model now incorporates a 'rolling over' of the Contact Zone from dipping west into the west pit wall, to dipping east into the eastern pit wall where previously a west dip was applied, mineralisation following undulation of the intrusion margin. Drill hole test work is required to confirm this interpreted east dipping lode at Boulder to provide

sufficient confidence for an assessment of in-situ mineralisation, however, it provides an example of a strong target area located at shallow depth where definition of in-situ mineralisation would result from a modest amount of drilling when combined with past drill hole test work. Other such target areas are numerous, notable examples include Whistler West, Gun Barrel, Rosie East, Mayflower, Rosie South and Airport South.

- **Geological setting and mineralisation style assessment** advancements made during the year include developments in the nature of extent of high grade geological settings.

Additional Contact Zone setting extent interpreted during the year includes:

1) Contact Zone setting interpreted trending along the eastern flank of the Montague Granodiorite at the Swagman prospect area, which remains at reconnaissance stages of evaluation, however, rock chip sampling of historic mine shaft spoil returned promising gold grade.

2) Contact Zone setting interpreted occurring associated with an earlier cycle of intrusives of diorite composition, and is inclusive of historic mine high grade gold occurrences trending from NE Pit (shallow to moderate NW dip) to the Caledonian Mine (steep west dip), to the Dandelion exploration target area. This revised interpretation was brought about after remnant drill chip observations and magnetic signature considerations were incorporated into geological modelling.

3) Contact Zone setting is interpreted formed internal of the Montague Granodiorite pluton, associated with staged intrusion ‘pulses’, and magnetic responses. This potential was identified during the previous year at the Rosie North prospect where RIR, Intrusion Hosted Roof Zone setting is interpreted, with Contact Zone dipping to the west and also to the ENE, with sheeted vein gold formed extensively in-between, and significant molybdenum, silver and copper also encountered. The Airport gold occurrence and interpreted Contact Zone setting (shallow north dip) would appear to confirm high grade gold formed well inboard of the Montague Granodiorite.

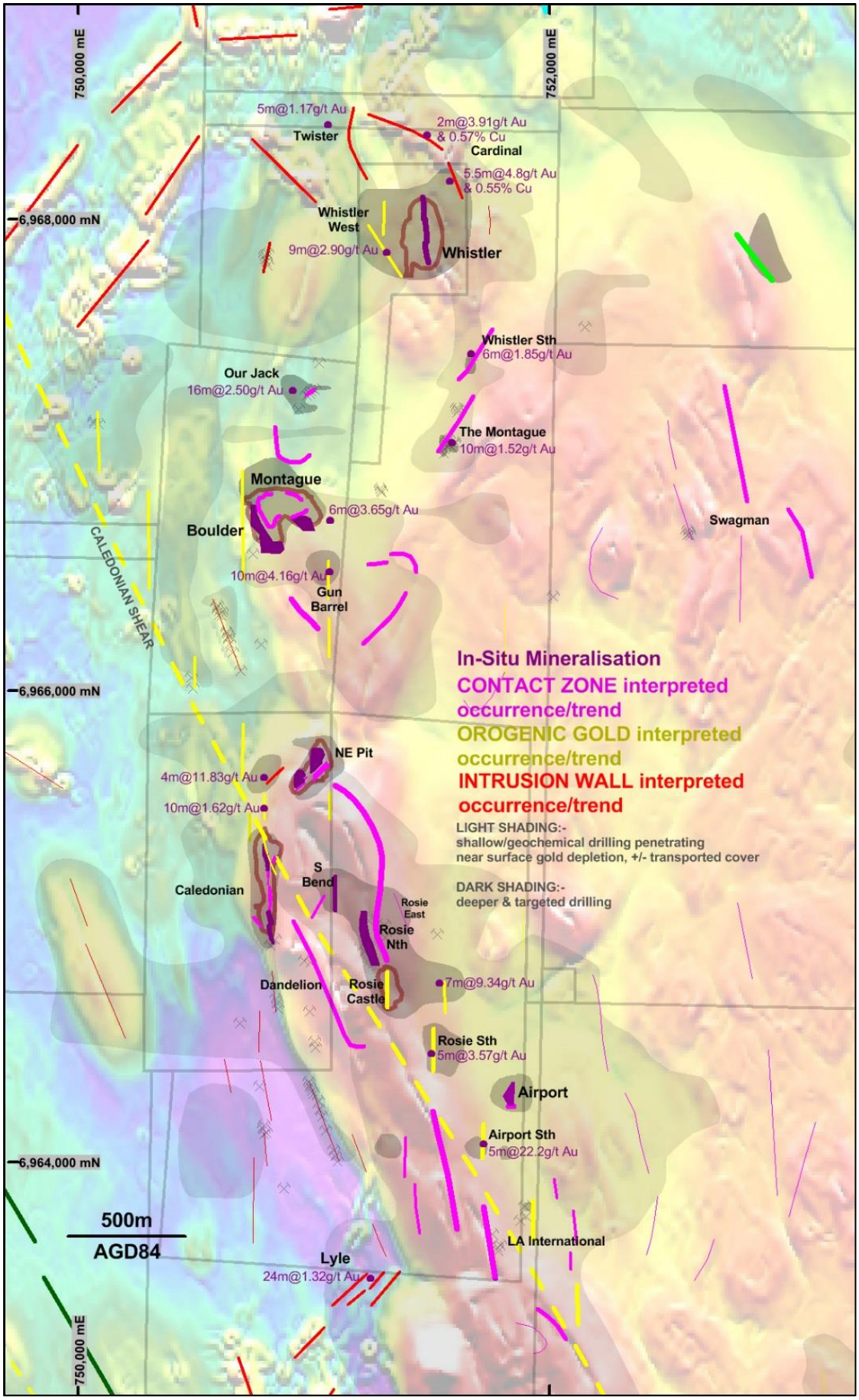
4) Greater curvature/undulation is interpreted occurring of the Contact Zone intrusion margin setting than was previously accommodated. This greater undulation extending between and away from known/interpreted Contact Zone occurrences, increases the proposed high grade ‘line of lode’ that occurs within the overall N-S extent. The above mentioned developments of the Boulder geological model in the Montague area are a good example of how additional detail/definition work conducted, can result in added line of lode from the curved/undulating nature of the Contact Zone geological setting.

Major Contact Zone setting trends identified during the previous year are updated and include:

1) Whistler mine (steep east dip) to Montague mine (moderate SSE dip) trend.

2) Boulder (shallow/moderate WSW dip) to Rosie North (moderate west dip) to the LA International target area.

3) Exploration target additions/refinements made for multiple orogenic gold targets of the Montague System yet to be tested for steep dipping potentials.



Magnetic Survey and mineralising zones of the Montague System and proximal Intrusion Wall

The Montague System provides excellent opportunity to develop and discover a multi-million ounce gold discovery, and is a type of system known to host world class deposits. In-situ mineralisation identified to date generally remains open for extension, and Gateway can expect to make significant new discoveries and efficiently increase mineralised inventories. It is expected that perusing this strategy will provide a substantial base for the company which it can use for future shareholder value creation.

Additionally, a mineralising system in the wall of the Montague Intrusion is identified with exceptional exploration potential for gold and copper, little exploration to date has been conducted despite significant mineralisation returned. Large crosscutting magnetic anomalies that traverse across project stratigraphy are interpreted related to major rift related fault zones and dyke-sill-dome complexes, major occurrences include:

- Magnetic trend encompassing the Cardinal and Twister prospects, before appearing to 'link into' magnetic anomalism trending north to 'The Cup' VMS deposit, and traversing 6km of surface trace.
- Magnetic trend encompassing the Lyle prospect traversing 1.6km of surface trace.
- Magnetic trend adjacent to Gossans Galore prospect traversing 2km of surface trace.

Mineralising styles encountered and interpreted in the wall of the Montague Intrusion include:

1) Cardinal **Au-Cu** sulphide rich quartz veining, magnetite.
2) Twister **Au** quartz veining, biotite alteration.
3) The Cup **Cu** pyrite-rich massive sulphide lens with **Ag (Au-Cu)** 'cap', and, underlying **Cu** stockwork-stringer and replacement 'feeder' zone.
4) Julia's **Au** massive sulphide, silica alteration deposit.
5) Lyle **Au** sulphide rich quartz veining.

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.

DIRECTORS' REPORT

Your directors submit the financial report of the Group consisting of Gateway Mining Limited and its controlled entity (**Gateway** or the **Company**) for the year ended 30 June 2017.

DIRECTORS

The names of directors who held office during the 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 financial year were in the mineral exploration industry principally exploration for gold and base metals. There were no significant changes in the nature of the activities of the Group that occurred during the year. However, as announced to the market on 1 March 2017, the Company has negotiated and signed a provisional agreement to acquire to two large, adjacent coking coal projects in the Bowen Basin, Queensland, by purchasing the outstanding issued capital in Queensland Coal Investment Holdings Limited (**QCIH**).

When the group completes the transaction, the Company will change the nature of its activities from a mineral exploration company, engaged in the exploration for gold and base minerals, to a company that will focus on developing and producing hard coking coal.

OPERATIONS REVIEW

Gidgee Project

During the year, the Group has continued to advance its Gidgee Project in Western Australia.

Regional activity around the Company's Gidgee Project has continued to develop and advance favourably.

On 21 December 2016, Horizon Gold Limited completed an initial public offering, in which funds were raised to develop their Gum Creek gold project. The Gum Creek project shares several tenement boundaries with Gateway's tenement package at Gidgee. Gateway's existing gold mineralisation is within truckable distance of Horizon's previously operated processing plant.

This neighbouring development provides enhanced values to the Company's project. Furthermore, there is ongoing development further afield which may provide additional development options.

DIRECTORS' REPORT

The Company has continued to advance the Gidgee Project, focussing on modelling the resource and planning for resource drilling on the already-identified gold mineralisation.

Following the Company's announcement on 1 March 2017 to acquire QCIH, the Company will look to divest its Gidgee package of tenements. The Company has been approached by various interested parties concerning prospective transactions around Gateway's Gidgee tenement holdings, however any future divestment decision would be made post completion of a successful QCIH transaction.

The Company will keep shareholders updated on any proposed transaction as required by the Listing Rules and other regulations.

Gidgee Tenements

Tenement Licence	Project Area	Size (km^2)	Gateway Interest	Status	Expiry
E57/945	Sandstone Shire, WA	8.40	100%	Live	01/01/2019
M57/485	Sandstone Shire, WA	9.09	75%[1]	Live	02/02/2026
E57/793	Sandstone Shire, WA	11.20	75%[1]	Live	03/02/2020
E57/405	Sandstone Shire, WA	2.80	100%	Live	19/02/2019
E57/874	Sandstone Shire, WA	2.80	100%	Live	05/03/2022
E57/875	Sandstone Shire, WA	2.80	100%	Live	05/03/2022
E57/888	Sandstone Shire, WA	5.60	100%	Live	05/03/2022
E57/823	Sandstone Shire, WA	2.80	100%	Live	02/03/2021
E57/824	Sandstone Shire, WA	2.80	100%	Live	02/03/2021
E57/688	Sandstone Shire, WA	2.80	100%	Live	25/03/2018
E57/687	Sandstone Shire, WA	2.80	100%	Live	25/03/2018
E57/417	Sandstone Shire, WA	19.60	100%	Live	26/04/2017
M57/48	Sandstone Shire, WA	1.19	85%[2]	Live	14/05/2028
M57/98	Sandstone Shire, WA	1.20	85%[2]	Live	18/05/2030
M57/99	Sandstone Shire, WA	2.40	85%[2]	Live	18/05/2030
M57/217	Sandstone Shire, WA	0.35	85%[2]	Live	23/09/2034
M57/807	Sandstone Shire, WA	8.40	100%	Live	21/06/2020
M57/429	Sandstone Shire, WA	9.83	75%[1]	Live	05/07/2026
E57/876	Sandstone Shire, WA	2.80	100%	Live	11/10/2021
E57/1004	Sandstone Shire, WA	44.80	100%	Live	09/09/2020
E57/1005	Sandstone Shire, WA	47.60	100%	Pending	N/A

1. 25% interest held by Estuary Resources Pty Limited.
2. 15% held by Goldfan Limited.

DIRECTORS' REPORT

Acquisition of Queensland Coal Investment Holdings Limited

On 1 March 2017 the Company announced that it had negotiated and signed a provisional agreement to acquire to two large, adjacent coking coal projects in the Bowen Basin, Queensland (**Projects**), by purchasing the outstanding issued capital in QCIH.

Projects

The Projects comprise a very large, near-surface coal deposit, which Gateway will look to develop over the coming periods. The acquisition of QCIH will be the culmination of approximately seven months' negotiation. The Board believes this transaction represents exceptional value for shareholders, with outstanding upside as the Projects progress towards production in the coming 18 months.

Both licences will represent exposure to a commodity – hard coking coal – which the Board sees as having very strong medium-long term market dynamics. QCIH is considerably advanced on all aspects of infrastructure access arrangements. Subject to securing appropriate terms on available infrastructure, these Projects represent the opportunity for near-term cash flow, which would provide value-enhancement for shareholders.

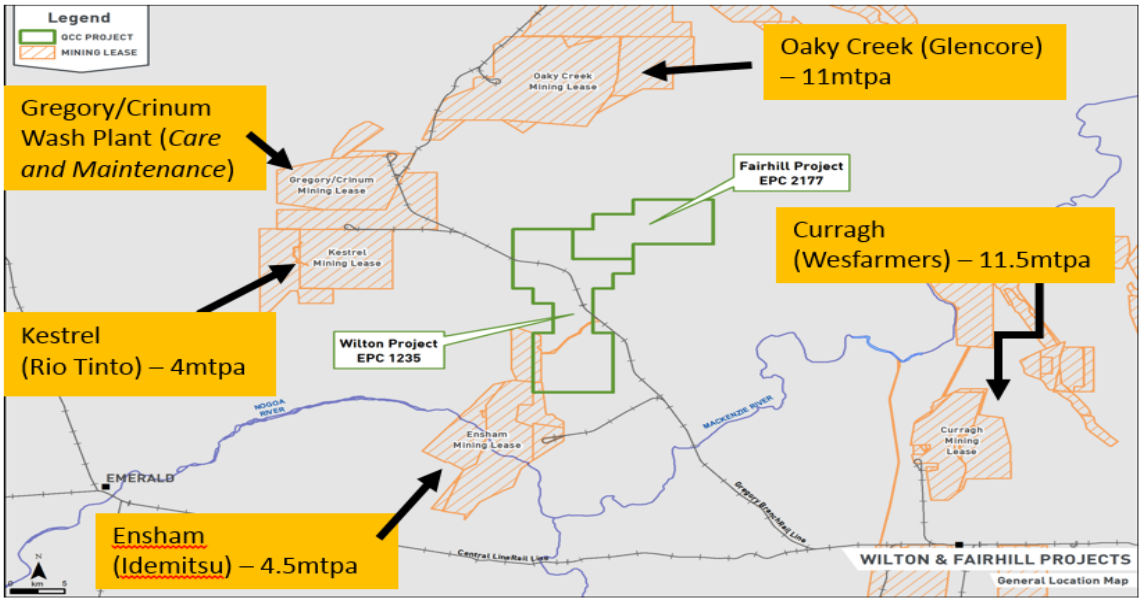
The Projects are proximal to substantial existing operations, as demonstrated by Figure 1, below, including a railway traversing the tenement holding.

The Projects offer a number of considerable advantages:

- Readily accessible first coal for production
- Mineral Development Licence granted
- Mining methodology confirmed by test pits
- Premium Hard Coking Coal product confirmed by extensive washplant testwork

Additionally, substantial work relating to analysis of the coal resource, feasibility studies, environmental permitting and coal quality have been conducted over the previous five years under prior ownership. QCIH is in a position to leverage off the previous work to rapidly progress the Projects through permitting and towards production.

Figure 1- location of tenement licences



DIRECTORS' REPORT

The Projects hold the following resources:

WILTON JORC RESOURCE					
Formations	**Depth (m)**	**Inferred (Mt)**	**Indicated (Mt)**	**Measured (Mt)**	**Total (Mt)**
Burngrove, Fairhill	0-100	279.67	139.94	86.95	**506.56**
Burngrove, Fairhill	100-200	627.35	283.44	99.42	**1,010.21**
Burngrove, Fairhill	200-300	526.80	220.28	13.76	**760.84**
TOTALS		**1,433.82**	**643.66**	**200.13**	**2,277.61**

FAIRHILL JORC RESOURCE		
Formations	**Depth (m)**	**Inferred (Mt)**
Fairhill	0-100	231.99
Fairhill	100-200	105.05
Fairhill	200-300	0
TOTALS		**337.04**

Location and Regional Geology

The Wilton and Fairhill projects are located in the central region of the Bowen Basin surrounded by prominent operational coal mines such as Ensham, Gregory-Crinum, Kestrel and Oaky Creek. The Bowen Basin is the northern part of the 1,800km long Bowen-Sydney-Gunnedah Basin, a thick meridional accumulation of Permian and Triassic sediments with extensive coal measure development. The exposed part of the basin in Central Queensland is triangular in shape, 250km wide at its base and 600km long.

Permian coal sequences typical of those found on the Comet Ridge in the central Bowen Basin are found on these projects. The multiple coal seams of the Burngrove (6 seams) and Fairhill (6 seams) formations occur at shallow depths and are the primary targets within the tenements. The German Creek formations are present but at depth.

Exploration has confirmed the presence of both the Burngrove and Fairhill Formations. Extensive field mapping in the south west of the Wilton tenement has identified coal outcrops of seams from both the Burngrove and Fairhill Formation. Drilling in the north of the tenement has confirmed continuity of the seams across the entire tenement with consistent thicknesses and low angle dips.

DIRECTORS' REPORT

The Wilton and Fairhill Projects overly a large area of deep-to-outcropping Fort Cooper Coal Measures within the central Bowen Basin. Coal seams of both the Burngrove Formation (Upper) and Fairhill Formation (Lower) subcrop throughout the project area on a regionally NE-SW trend, dipping very slightly to the west/north west. At the shallowest fresh coal intersections have obtained at a depth of 10.5 m during costeaning operations while averaging 10 m to 15 m across the east of the projects. A maximum depth of cover in targeted Resource areas of approx. 49m. A strike length of over 10km across both these projects ensures long term low cost mining.

The projects resources are contained within all 6 coal seams of the Burngrove Formation and all 6 seams of the Fairhill Formation. Individual seam thickness varies across the project with recorded intercepts up to approx. 20 m, however these seams can contain a large number of coal and waste plies. In total 209 coal plies have been correlated and modelled across both the Burngrove and Fairhill Formation coal seams.

Mining and Processing

The Wilton and Fairhill projects will be mined as an open-cut, truck and shovel operation including dozer push and evolving to incorporate a dragline to maximise mining efficiency. Run of Mine (ROM) coal from the projects will be hauled to a centralised ROM stockpile and Coal Handling and Preparation Plant (CHPP). From the ROM stockpile CHPP feed will be pre-treated through crushing and screening to remove as much waste material as possible. This material is then fed into the CHPP, along with some direct feed, to be processed producing both the primary coking coal and secondary thermal coal product from a single ROM feed.

Rail and Port

Product coal will be separately stockpiled before being loaded onto trains and railed to the Port of Gladstone. The Gregory Branch of the main Blackwater rail line runs through the Wilton project and connects with the coal export terminals at the Port of Gladstone. The Blackwater rail system is owned by Aurizon, of which the Queensland Government is the major shareholder, and is a regulated asset covered by an open access regime. This system offers direct access from the Wilton and Fairhill projects to the Port of Gladstone approximately 340 km away by rail.

Consideration

The consideration payable under the agreement for the sale of all the issued capital in QCIH comprises:

- $10,000,000 cash consideration;
- $50,500,000 consideration to be satisfied by issue of 4,208,333,333 fully paid ordinary shares at a deemed issue price of $0.012.

This agreement is subject to the following conditions:

- Gateway to conduct a capital raising to raise a minimum of A$25,000,000 at $0.012 per share;
- satisfaction of all necessary approvals, including ASX approvals and waivers, shareholder approval and other approvals required from any relevant regulatory bodies;

DIRECTORS' REPORT

- Gateway re-complying with Chapters 1 and 2 of the ASX Listing Rules; and
- Gateway making arrangements to divest itself of its current package of gold and base metal tenements (subject to shareholder approval).

Transaction Documents

The Company has now executed all necessary documents to give effect to its purchase of QCIH. The transaction remains subject to a number of conditions precedent, including ASX and shareholder approval, and completion of a capital raising.

QCIH Continues to Advance Projects

QCIH has continued to advance and develop its projects whilst documentation and compliance matters relevant to the Transaction are completed. Most significantly, QCIH has completed substantial mine planning and engineering work and is well advanced on the environmental programs, allowing for the expedited submission of an application for a mining lease (**ML**). In the case of the Wilton Project, the ML application was submitted in July. At the Fairhill Project, land access has been secured and base line surveys commenced in July. The necessary permits are also now in place for the commencement of the proposed Fairhill in-fill drilling program and define the Line of Oxidation. This is to commence in the near future.

Pleasingly, the work to date has demonstrated an economically robust project. The Board of the Company remains very confident in the value inherent in the terms on which the Transaction is based. The Company is looking forward to detailing the projects and its development plans once the required disclosure documents are released.

Corporate

Gateway completed during November 2016 a share placement for 25,000,000 shares at $0.02 raising $500,000. The shares were placed to sophisticated and professional investors. The placement was completed using the Company's existing share capacity under Listing Rule 7.1. The funds were used to maintain the Company's Gidgee Project and for working capital purposes.

Additionally in January 2017, the Company's Managing Director Mr Andrew Bray provided a loan facility of $300,000 to meet cash requirements.

Financial Results

The loss of the Group for the financial year after providing for income tax amounted to $9,247,536 compared to a loss of $1,341,276 for the previous year.

The Group incurred exploration expenditure of $355,387 during the year (2016:$345,441). The Group's cash and cash equivalents at 30 June 2017 was $4,516 (2016: $342,849).The total net assets of the Group stands at $1,265,085 (2016:$10,052,621) of which investment in exploration expenditure accounts for $2,000,000 (2016:$10,350,872).

The Group is a mining exploration entity, and as such does not earn income from the sale of product. No dividends have been declared or paid during the year.

DIRECTORS' REPORT

DIRECTORS

The names and details of the directors of the Group in office at the date of this report are as follows:

Trent Franklin
Non-executive Chairman
BSc (Geology)

Trent Franklin is a qualified geologist with a strong track record of corporate experience. He is currently the Managing Director of Enrizen Financial Group and formerly a director of the Australian Olympic Committee Inc. and Australian Water Polo Inc. He is also an Associate of the Australian Institute of Company Directors. Furthermore, Mr Franklin is currently company secretary of listed companies Silver Mines Limited, Ochre Group Holdings and ATC Alloys Limited.

Andrew Bray
Managing Director
BEc LLB (Hons)

Andrew Bray was appointed Managing Director of the Company in October 2012. He has a background in investment banking, corporate advisory and consulting. He was instrumental in recapitalising Gateway during 2012. He holds a Bachelor of Economics and Bachelor of Laws (Hons I) from the University of Sydney. Mr Bray formerly held directorships in listed entities Mandalong Resources Limited and Ochre Group Holdings Limited.

Gary Franklin
Non-executive Director and Company Secretary
BEc CPA (Fellow)

Gary Franklin has in excess of 30 years' experience in Company Secretarial and Chief Financial Officer roles. He has previously worked with Wambo Coal, Hartogen Energy Group, United Collieries and Mount Isa Mines Limited. He holds a Bachelor of Economics and is a Fellow of the Society of Certified Practicing Accountants. Furthermore, Mr Franklin holds directorship in listed entity Broad Investments Limited.

DIRECTORS' REPORT

DIRECTORS' MEETINGS

During the financial year, 5 meetings of directors (including committees) were held.

	Meetings eligible to attend	Meetings attended
T. Franklin	5	5
A. Bray	5	5
G Franklin	5	5

The Group does not have an Audit Committee as this function is performed by the Board.

ENVIRONMENTAL REGULATION

The Group's operations are subject to various environmental regulations under State regulations. The directors are not aware of any material breaches during the financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS DURING THE FINANCIAL YEAR AND AFTER THE END OF THE REPORTING PERIOD

As announced to the market on 1 March 2017, the Company has negotiated and signed a provisional agreement to acquire to two large, adjacent coking coal projects in the Bowen Basin, Queensland, by purchasing the outstanding issued capital in QCIH. The Company has now executed all necessary documents to give effect to its purchase of QCIH.

ASX has recently confirmed that it considers that the transaction will constitute a change in nature and scale of the Company's activities for the purpose of the Listing Rules, and that the Company will be required to re-comply with Chapters 1 and 2 of the Listing Rules, in addition to obtaining shareholder approval to conduct the transaction. The Company intends to hold an extraordinary general meeting to approve the transaction and re-compliance with Chapters 1 and 2 of the Listing Rules.

As a result of completing the transaction, the Company will change the nature of its activities from a mineral exploration company, engaged in the exploration for gold and base minerals, to a company that will focus on developing and producing hard coking coal.

The Company's growth plan post-completion of the transaction is to explore and exploit the Projects, with the aim of developing those assets into income generating assets through the mining and sale of hard coking coal within the next 18 months.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The directors believe, on reasonable grounds, that it would unreasonably prejudice the interests of the Group if any further information on likely developments, future prospects and business strategies in the operations of the Group and the expected results of these operations, were included herein.

SHARE OPTIONS

During the financial year, there were 200,000,000 options with an exercise price of $0.07 per option. These options expired on 6 December 2016.

At the date of this report, the Company does not have any options on issue.

DIRECTORS' REPORT

REMUNERATION REPORT

The remuneration report, which has been audited, outlines key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

Directors' and Specific Executives (being key management personnel) Remuneration

The Group's policy for determining the nature and amount of emoluments of board members and executives is as follows:

Group officers and directors are remunerated to a level consistent with the size of the Group. The Group's aim is to remunerate at a level that will attract and retain suitably qualified directors and employees.

The remuneration of non-executive directors is determined by the Board. This remuneration is by way of a fixed fee and may be supplemented by the issue of incentive options as approved by shareholders in a general meeting of the Group. No external consultants have been used.

The remuneration structure for executive officers is based on a number of factors including experience of the individual concerned and their overall performance. The contracts for service between the Group and executives are on a fixed basis the terms of which are not expected to change in the immediate future.

As the Group is a mining exploration entity, it does not earn any revenue from the sale of product. The Group is therefore reliant on raising capital to continue operations. Consequently, the directors are very mindful of keeping cash remuneration to minimum levels. The Board may consider other non-cash remuneration in the future should it be required to attract and maintain particular talent.

The Board is of the opinion shareholder interests have been well looked after by keeping cash remuneration levels very low relative to many industry peers.

Directors and Specified Executives (being key management personnel) Interests

As at 30 June 2017, the interests of the directors and specified executives in the shares and options of the Group were as below.

The number of shares held directly, indirectly or beneficially, by each Key Management Person, including their controlled entities, is as follows:

2017

Key Management Person	Balance at the start of the year	Net changes during the year	Balance at the end of the year
Trent Franklin	-	-	-
Andrew Bray	7,063,851	-	7,063,851
Gary Franklin	-	-	-
Scott Jarvis	-	-	-

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

2016

Key Management Person	Balance at the start of the year	Net changes during the year	Balance at the end of the year
Trent Franklin	-	-	-
Andrew Bray	7,063,851	-	7,063,851
Ian McDonald	-	-	-
Gary Franklin	-	-	-
Scott Jarvis	-	-	-

Option holdings of Key Management Personnel

2017

Key Management Person	Balance at the start of the year	Net changes during the year	Balance at the end of the year
Trent Franklin	-	-	-
Andrew Bray	-	-	-
Gary Franklin	-	-	-
Scott Jarvis	1,000,000	(1,000,000)[1]	-

1. Options expired on 6 December 2016.

2016

Key Management Person	Balance at the start of the year	Net changes during the year	Balance at the end of the year
Trent Franklin	-	-	-
Andrew Bray	-	-	-
Ian McDonald	-	-	-
Gary Franklin	-	-	-
Scott Jarvis	1,000,000	-	1,000,000

During the year the Group has not issued any shares or options as part of compensation.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Details of Directors' Remuneration

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

2017

	Short-term benefits			Post-employment benefits	Share-based payments	Total
Directors:	Fees	Non-monetary benefits	Other short-term benefits	Super-contribution	Options	
	$	$	$	$	$	$
T. Franklin	42,000	-	-	-	-	42,000
A. Bray	204,000	-	-	-	-	204,000
G Franklin	13,000	-	-	-	-	13,000
Total	**259,000**	**-**	**-**	**-**	**-**	**259,000**

2016

	Short-term benefits			Post-employment benefits	Share-based payments	Total
Directors:	Fees	Non-monetary benefits	Other short-term benefits	Super-contribution	Options	
	$	$	$	$	$	$
T. Franklin	42,000	-	-	-	-	42,000
A. Bray	204,000	-	-	5,700	-	209,700
G. Franklin	3,000	-	-	-		3,000
I. McDonald	6,000	-	-	-	-	6,000
Total	**255,000**	**-**	**-**	**5,700**	**-**	**260,700**

All remuneration is 100% fixed remuneration, with no Post-employment benefits, Long-term benefits or Share-based payments except as noted above.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Details of Specified Executives Remuneration

2017

					Post-employment benefits	Share-based payments	Total
	Cash Salary ($)	Annual Leave ($)	Long Service Leave ($)	Other short-term benefits ($)	Super-contribution ($)	Options ($)	($)
Gary Franklin (Company Secretary)	60,000	-	-	-	-	-	60,000
Scott Jarvis (Head Geologist)	150,000	-	-	-	14,250	-	164,250
Total	**210,000**	**-**	**-**	**-**	**14,250**	**-**	**224,250**

2016

					Post-employment benefits	Share-based payments	Total
	Cash Salary ($)	Annual Leave ($)	Long Service Leave ($)	Other short-term benefits ($)	Super-contribution ($)	Options ($)	($)
Gary Franklin (Company Secretary)	60,000	-	-	-	-	-	60,000
Scott Jarvis (Head Geologist)	150,000	-	-	-	14,250	-	164,250
Total	**210,000**	**-**	**-**	**-**	**14,250**	**-**	**224,250**

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Key Service Agreements

Mr Trent Franklin has entered into an agreement with the Group whereby he receives a director's fee of $3,500 per month. The agreement between the Group and Mr Franklin is for a period of two years and is evergreen. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, Mr Franklin is to receive the fees that would have been payable for the remainder of the agreement had it remained in place. On 1 March 2017 Mr Franklin decided to defer from receiving his director's fee during the Company's suspension in order to minimise company expenses and to keep a disciplined approach to cash management until such a point until the acquisition of Queensland Coal Investment Holdings Limited completes.

Mr Andrew Bray has entered into a service agreement with the Group whereby he receives a director's fee of $12,000 per month. The agreement is for a period of two years and is evergreen. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, Mr Bray is to receive the fees that would have been payable for the remainder of the agreement had it remained in place. Furthermore Mr Bray receives a salary of $60,000 per year. On 1 March 2017 Mr Bray decided to defer from receiving his director's fee during the Company's suspension in order to minimise company expenses and to keep a disciplined approach to cash management until such a point until the acquisition of Queensland Coal Investment Holdings Limited completes.

Mr Gary Franklin. The Service Agreement with Enilsson Asia Pacific Pty Ltd provides secretarial services to the Group, whereby it receives a secretarial fee of $5,000 per month. The agreement between the Group and Enilsson Asia Pacific Pty Ltd is for a period of two years and is evergreen. The agreement can be terminated by the Group by providing ninety days' written notice. In the event of termination by Gateway, Enilsson Asia Pacific Pty Ltd is to receive the fees that would have been payable for the remainder of the agreement had it remained in place. Mr Franklin provides services to the Group on behalf of Enilsson Asia Pacific Pty Ltd. The Agreement has been subsequently amended to include Mr Franklin's director fee of $1,000 per month. On 1 March 2017 Mr Franklin decided to deter from receiving his director's fee during the Company's suspension in order to minimise company expenses and to keep a disciplined approach to cash management until such a point until the acquisition of Queensland Coal Investment Holdings Limited completes.

Mr Scott Jarvis is employed by the Group on a permanent full time basis. Under the terms of the employment agreement he is paid a salary at the rate of $12,500 per month plus superannuation. Mr Jarvis can be terminated by the Group by providing 8 weeks' notice.

DIRECTORS' REPORT

REMUNERATION REPORT (CONTINUED)

Voting and comments made at the Group's 2016 Annual General Meeting (AGM)

At the 2016 AGM, 99.37% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2016. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Performance Indicators

The earning of the consolidated entity for the five years to 30 June 2017 are summarised below:

	2017 $,000	2016 $,000	2015 $,000	2014 $,000	2013 $,000
Sales Revenue	N/A	N/A	N/A	N/A	N/A
EBITDA	(9,249)	(1,346)	(462)	(516)	(854)
EBIT	(9,249)	(1,346)	(462)	(516)	(1,650)
Profit / (Loss)after Income Tax	(9,247)	(1,341)	(455)	(426)	(1,573)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2017	2016	2015	2014	2013
Share price at financial year end ($)	0.019	0.024	0.035	0.040	0.035
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings per share (cents per share)	(3.01)	(0.46)	(0.16)	(0.19)	(0.66)

This concludes the Remuneration Report which has been audited

DIRECTORS' REPORT

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Gateway Mining Limited support and adhere to the principles of corporate governance. These principles have been formalised by the Board in the corporate governance statement contained in the additional ASX information section of the annual report.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.
The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no non-audit services performed by the external auditor during the financial year.

AUDITOR INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C of the *Corporations Act 2001* for the year ended 30 June 2017 is enclosed and forms part of this annual report.

INDEMNIFYING OFFICERS

The Group has paid a premium to insure the directors and officers of the Group.

The insurance agreement limits disclosure of premium details.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

INDEMNITY AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

DIRECTORS' REPORT

EVENTS SUBSEQUENT TO REPORTING DATE

The Group has negotiated to acquire Queensland Coal Investment Holdings Limited as per the announcement released on ASX dated 1st March 2017. The Group will conduct an Offer to raise a minimum of A$25,000,000 for which $10,000,000 cash consideration will be used to complete the transaction. A Prospectus related to the above transaction will be issued.

As announced to the market on 22 September 2017, the Company 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. The Agreement and receipt of the funds remains subject to a number of conditions precedent, including completion of the Acquisition, 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.

No other matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

The Directors' Report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

TRENT FRANKLIN
Non-executive Chairman
Dated this 29th day of September 2017
Sydney

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190

www.crowehorwath.com.au

29 September 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 audit of the financial report of Gateway Mining Limited for the financial year ended 30 June 2017, 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

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

GATEWAY MINING LTD

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
Interest received non related		2,195	17,974
Employee benefits expense		(10,213)	(19,950)
Professional services rendered		(434,746)	(360,507)
Office expenses		(1,791)	(5,427)
Share registry fees		(34,259)	(35,176)
Travelling expenses		(45,977)	(24,232)
Impairment of available for sale financial assets		(1,499)	(5,144)
Impairment of exploration assets		(7,500,397)	-
Exploration expenditure written off		(1,205,862)	(893,079)
Other expenses		(14,987)	(15,735)
Loss before income tax		**(9,247,536)**	**(1,341,276)**
Income tax expense	**11**	-	-
Loss for the year		**(9,247,536)**	**(1,341,276)**
Other comprehensive income:			
Fair value loss on available for sale financial assets		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income (loss) for the year attributable to owners of the company		**(9,247,536)**	**(1,341,276)**
Earnings per share			
Basic earnings per share (cents)	**10**	(3.01)	(0.46)
Diluted earnings per share (cents)	**10**	(3.01)	(0.46)

The accompanying notes form part of these financial statements.

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

GATEWAY MINING LTD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTE	2017 $	2016 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,516	342,849
Trade and other receivables	5	27,463	2,931
TOTAL CURRENT ASSETS		**31,979**	**345,780**
NON-CURRENT ASSETS			
Financial assets – deposits	6	28,649	28,378
Financial Assets - available for sale	6	23,358	28,857
Deferred exploration and evaluation expenditure	7	2,000,000	10,350,872
TOTAL NON-CURRENT ASSETS		**2,052,007**	**10,404,107**
TOTAL ASSETS		**2,083,986**	**10,749,887**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	620,464	690,391
Loans and borrowings	9	195,000	-
Provisions		3,437	6,875
TOTAL CURRENT LIABILITIES		**818,901**	**697,266**
TOTAL LIABILITIES		**818,901**	**697,266**
NET ASSETS		**1,265,085**	**10,052,621**
EQUITY			
Issued capital	13	28,895,980	28,435,980
Reserves		233,000	233,000
Accumulated losses		(27,863,895)	(18,616,359)
TOTAL EQUITY		**1,265,085**	**10,052,621**

The accompanying notes form part of these financial statements.

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

GATEWAY MINING LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital	Accumulated losses	Available for sale financial assets reserve	Share based payments reserve	Total
	$	$	$	$	$
Balance at 1 July 2015	**28,435,980**	**(17,275,083)**	**-**	**233,000**	**11,393,897**
Loss for the year	-	(1,341,276)	-	-	(1,341,276)
Transfer to recognise decline in value of financial assets	-	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**(1,341,276)**	**-**	**-**	**(1,341,276)**
Transactions with owners in their capacity as owners					
Shares issued in the year	-	-	-	-	-
Balance at 30 June 2016	**28,435,980**	**(18,616,359)**	**-**	**233,000**	**10,052,621**
Loss for the year	-	(9,247,536)	-	-	(9,247,536)
Other comprehensive income / Loss for the year	-	-	-	-	-
Total comprehensive income / (loss) for the year	**-**	**(9,247,536)**	**-**	**-**	**(9,247,536)**
Transactions with owners in their capacity as owners					
Shares issued in the year	500,000	-	-	-	500,000
Cost of share issues	(40,000)				(40,000)
Balance at 30 June 2017	**28,895,980**	**(27,863,895)**	**-**	**233,000**	**1,265,085**

The accompanying notes form part of these financial statements.

GATEWAY MINING LTD

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(445,732)	(46,643)
Interest received		2,195	17,974
NET CASH USED IN OPERATING ACTIVITIES	**18**	(443,537)	(28,669)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for exploration and evaluation		(549,796)	(345,441)
NET CASH USED IN INVESTING ACTIVITIES		(549,796)	(345,441)
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings	**9**	300,000	-
Repayment of borrowings	**9**	(105,000)	-
Proceeds from issue of shares	**13**	460,000	-
NET CASH FROM FINANCING ACTIVITIES		655,000	-
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(338,333)	(374,110)
Cash and cash equivalents at the beginning of the financial year		342,849	716,959
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**4**	4,516	342,849

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Preparation

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

The financial report is intended to provide users with an update on the latest annual financial statements of Gateway Mining Limited and its controlled entity.

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. The financial statements are presented in Australian dollars which is the Group's functional currency.

b. 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, net current liabilities, 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. The cash is managed through:

a) tight control of administrative expenses;
b) raising additional share capital, for which the Company has a history of raising funds;
c) by reducing the exploration program to maintain cash flow; and
d) by deferring the payment of directors' fees.

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 YEAR ENDED 30 JUNE 2017

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. 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 30 June 2017 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**' or 'the **Group**'.

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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated.

d. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (**OCI**). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (**ECL**) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard will require:

- contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract;
- determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and
- recognition of revenue when each performance obligation is satisfied.

Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 as the entity is not generating revenue at present it is not expected to impact on the Group.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTE 2: CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

It is reasonably possible that the underlying metal price assumption may change which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of mining plant and equipment, mining infrastructure and mining development assets. Furthermore, the expected future cash flows used to determine the value-in-use of these assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as metal spot prices, discount rates, estimates of costs to produce reserves and future capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 3: OPERATING SEGMENTS

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Directors (who are identified as the Chief Operating Decision Makers (**CODM**) in assessing performance and in determining the allocation of resources.
The CODM reviews operating expenses in relation to the exploration activities and the Group's cash position. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on at least a monthly basis. Information is presented on a consolidated cash flow basis. Cash flow funding is treated as one pool of liquid assets noting relevant terms of any maturity or exercise of any investments for the purpose of funding exploration.

Types of products and services – The principal products and services of this operating segment are in exploration operations predominately in Australia.

NOTE 4: CASH AND CASH EQUIVALENTS	2017 $	2016 $
Cash at bank and on hand	4,516	232
Term deposit	-	342,617
	4,516	342,829

Interest is on a variable rate. The group is not sensitive to interest rate movement.

NOTE 5: TRADE AND OTHER RECEIVABLES	2017 $	2016 $
CURRENT		
Other receivables	8,609	1,112
Prepayments	18,854	1,819
Total trade and other receivables	27,463	2,931

Other Receivables as shown are within agreed terms. The Directors consider that they do not require impairment.

NOTE 6: FINANCIAL ASSETS

	2017 $	2016 $
NON-CURRENT		
Available for sale financial assets:		
Shares in listed and unlisted corporations-at fair value		
Opening fair value	24,857	30,001
Disposal consideration	-	-
Amount recognised in profit and loss	(1,499)	(5,144)
Amount recognised in comprehensive income	-	-
Total financial assets available for sale	**23,358**	**24,857**
Term Deposits	**28,649**	**28,378**

NOTE 7 - NON-CURRENT DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

NON-CURRENT ASSET, WHOLLY OWNED

	2017 $	2016 $
Capitalised expenditure in respect of areas of interest at the beginning of the year	10,350,872	10,175,438
Additions	355,387	175,434
Impairment of exploration assets	(7,500,397)	-
Written off	(1,205,862)	-
Capitalised exploration expenditure at the end of the year	**2,000,000**	**10,350,872**

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.

NOTE 7: NON-CURRENT DEFERRED EXPLORATION AND EVALUATION EXPENDITURE– (CONTINUED)

Subsequent to year end, management has conducted a valuation of it's Gidgee Project as part of its proposed acquisition of Queensland Coal Investment Holdings Limited and decided to recognise an impairment to the asset. Although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTE 8: TRADE AND OTHER PAYABLES	2017 $	2016 $
CURRENT		
Financial Liabilities-Trade and Other Payables	620,464	690,391

NOTE 9: BORROWINGS	2017 $	2016 $
Current(unsecured):		
Loan by related party - amortised cost	195,000	-

The loans are interest free. The loans are due for repayment on demand. The carrying amounts represent the fair values of borrowings at balance date.

NOTE 10: EARNINGS PER SHARE

a. Reconciliation of earnings to profit or loss	2017 $	2016 $
(Loss) used in the calculation of basic and dilutive earnings per share	(9,247,536)	(1,341,276)
	No. of shares	No. of shares
b. Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	306,916,112	293,422,962
Basic Earnings Per Share (cents)	(3.01)	(0.46)
Diluted Earnings Per Share (cents) (i)	(3.01)	(0.46)

Diluted earnings per share is capped at basic earnings per share. Weighted average number of shares Adjusted Options used is 393,491,455 for the 2017 year (2016:493,422,962).

NOTE 10: EARNINGS PER SHARE – (CONTINUED)

Basic earnings per share is calculated by dividing the profit attributable to the owners of Gateway Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 11: INCOME TAX EXPENSE

	2017 $	2016 $
Loss for current year from ordinary activities:	(9,247,536)	(1,341,276)
Tax at 27.5% (2016: 30%)	(2,543,072)	(402,383)
Unrecognised deferred tax asset	7,459,871	(567,783)
Taxable loss for the year, not recognised	(1,787,665)	(1,909,059)
Tax losses brought forward from earlier years	(25,794,811)	(23,885,752)
Tax losses carried forward to later years	(27,582,476)	(25,794,811)
Future income tax benefit 27.5% of tax losses, not recognised	**7,585,181**	**7,738,443**

The tax rate used in the above table is the corporate tax rate of 27.50% payable by Australian corporate entities of this size on taxable profits under Australian Tax Law. There has been a change from 30% corporate tax rate used for the Group when compared to the previous reporting period.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

NOTE 11: INCOME TAX EXPENSE (CONTINUED)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Thus given the group is still in losses no deferred tax assets have been recognised.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

The potential net future tax benefits have not been brought into account within the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Within the above note, the deferred tax liability ($381,205) (2016: $2,905,539) is offset against tax losses with the additional tax losses not recognised of $7,195,565 (2016:$4,832,904).

This potential future income tax benefit will only be obtained if:

(a) The Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised in accordance with Division 170 of the *Income Tax Assessment Act 1997* and
(b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) No change in tax legislation adversely affects the Group in realising the benefits.

NOTE 12: AUDITORS' REMUNERATION

	2017 $	2016 $
Remuneration of the auditors of the Group for:		
Auditing or reviewing the financial report	50,000	50,000

NOTE 13: ISSUED CAPITAL

	2017 $	2016 $
a. Ordinary shares fully paid		
Balance at the beginning of the year	28,435,980	28,435,980
Shares issued in year	500,000	-
Capital raising costs	(40,000)	-
Balance at the end of the year	28,895,980	28,435,980

b. Movements in ordinary shares on issue	2017 Number	2016 Number
At the beginning of the financial year	293,422,962	293,422,962
Shares issued 16 Nov 2016 at 2 cents	25,000,000	-
At the end of the financial year	318,422,962	293,422,962

There are no current on-market share buybacks.

c. Terms and conditions of ordinary shares

Ordinary shares have the right to receive dividends as declared and, in event of the winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares and amount paid up on the shares held. Ordinary shares entitle their holder to vote, either in person or by proxy, at a meeting of the company.

d. Share options

At 30 June 2017, there is no outstanding options.

The below table shows the movement of options over the previous two full year periods.

	Number	Weighted Average Exercise Price $
Options outstanding as at 30 June 2015	200,000,000	0.0800
Options outstanding as at 30 June 2016	200,000,000	0.0800
Granted	-	-
Exercised	-	-
Expired	(200,000,000)	0.0800
Options outstanding as at 30 June 2017	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13: ISSUED CAPITAL (CONTINUED)

e. Capital Management

The directors control the capital of the Group in order to ensure that adequate cash flows are generated to fund its operations and continue as a going concern.

The Group's capital includes ordinary share capital, supported by financial assets.

There are no externally imposed capital requirements.

The directors effectively manage the Group's capital by assessing the Group's financial risks and responding to changes in these risks. These responses include share issues.

There have been no changes in the strategy adopted by management since the prior year.

f. Available For Sale Financial Assets Reserve

This reserve is used to recognise the increments and decrements on the fair value of available for sale of financial assets.

g. Share Based Payments Reserve

This reserve is used to recognise the fair value of options granted during the year.

NOTE 14: 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 30th June 2017 (2016: nil) for either the parent company or its subsidiary. The mining tenement commitment as at the 30th June 2017 is $628,800 (2016:$606,080).

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE

The Group has negotiated to acquire Queensland Coal Investment Holdings Limited as per the announcement released on ASX dated 1st March 2017. The Group has negotiated to acquire Queensland Coal Investment Holdings Limited as per the announcement released on ASX dated 1st March 2017. The Group will conduct an Offer to raise a minimum of A$25,000,000 for which $10,000,000 cash consideration will be used to complete the transaction. A Prospectus related to the above transaction will be issued.

NOTE 15: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

As announced to the market on 22 September 2017, the Company 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. The Agreement and receipt of the funds remains subject to a number of conditions precedent, including completion of the Acquisition, 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.

The Group has negotiated to acquire Queensland Coal Investment Holdings Limited as per the announcement released on ASX dated 1st March 2017. The Group will conduct an Offer to raise a minimum of A$25,000,000 for which $10,000,000 cash consideration will be used to complete the transaction. A Prospectus related to the above transaction will be issued.

No matter or circumstance has arisen since the reporting date that has significantly affected or may significantly affect the consolidated entity's operations, the results of those operations or the consolidated entity's state of affairs in future financial years.

NOTE 16: RELATED PARTY TRANSACTIONS

a. Directors and Key Management Persons

Key Management Persons	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 directors or any key personnel have received any loans from the Group. The Group has payables to directors and key personnel at the end of year for fees or salary not paid totalling $406,150 (2016:$297,500) and loan from director totalling $195,000. Payment will be made as circumstances permit.

c. Other

A number of directors are also the directors of Enrizen Pty Ltd which provided insurance and risk consulting services for the Group during the year totalling $6,100 (2016:$6,099). The amount which was unpaid at year end has since been paid.

NOTE 17: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of cash at banks, and deposits with Citibank, receivables and payables, and available for sale financial assets.

The Group does not have any derivative instruments at the end of the reporting period.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements are as follows:

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial assets	Note	2017 $	2016 $
Cash and cash equivalents	4	4,516	342,849
Receivables	5	8,609	1,112
Available-for-sale financial assets -at fair value:			
- Listed investments	6	23,358	24,857
Term Deposit	6	28,649	28,378
Total Financial Assets		**65,132**	**397,196**
Financial liabilities			
- Trade and other payables	8	620,464	690,391
Total Financial Liabilities		**620,464**	**690,391**

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and review by the directors on a regular basis. These include credit risk policies and future cash flow requirements.

Financial Risk Exposures and Managements

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby future changes in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. Cash has an interest rate of 1.77% at year end. A change in rate will not be significant to the Group.

Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to exploration expenditure. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are maintained.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial liability and financial assets maturity analysis

The tables below reflect an undiscounted contractual maturity analysis for financial instruments.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

	Maturing with 1 Year		Maturing 1 to 5 Years		Total	
	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Financial *assets*						
Cash	4,516	342,849	-	-	4,516	342,849
Receivables & others	8,609	1,112	-	-	8,609	1,112
Term deposits	-	-	28,649	28,378	28,649	28,378
Available for sale financial assets	23,358	24,857	-	-	23,358	24,857
Total anticipated inflows	36,483	368,818	28,649	28,378	65,133	397,196
Financial Liabilities						
Sundry payables and accruals	620,464	690,391	-	-	620,464	690,391
Total expected outflows	620,464	690,391	-	-	620,464	690,391
Net inflow on financial instruments	**(583,981)**	**(321,573)**	**28,649**	**28,378**	**(555,331)**	**(293,195)**

Credit Risk

The maximum exposure to credit risk by class or recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying value and classification of those financial assets (net of any provisions) as present in the statement of financial position.

Fair Value

The fair values of listed investments have been valued at the fair value predominantly being the quoted market bid price at the end of the reporting period.

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability
All financial assets held by the Group are assessed as Level 1 financial assets.

Consolidated - 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares available-for-sale	23,358	-	-	23,358
Total assets	23,358	-	-	23,358

Consolidated - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Ordinary shares available-for-sale	24,857	-	-	24,857
Total assets	24,857	-	-	24,857

NOTE 18: RECONCILIATION OF LOSS TO NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	2017 $	2016 $
Loss for the year	(9,247,536)	(1,341,276)
Non-Cash flows in profit from ordinary activities		
Loss on disposal of financial assets	-	-
Written-off / Impaired	8,706,259	898,223
Changes in assets and liabilities:		
(Increase)/decrease in trade and other debtors	(25,123)	25,532
Increase/(decrease) in trade creditors	126,300	388,852
Increase/(decrease) in provision	(3,438)	-
Net cash flow from operating activities	(443,538)	(28,669)

NOTE 19: PARENT ENTITY INFORMATION

Statement of profit or loss and other comprehensive income	Parent	
	2017 $	2016 $
Profit (loss) after income tax	(9,247,536)	(1,341,276)
Total comprehensive income/(loss)	(9,247,536)	(1,341,276)

Statement of financial position	Parent	
	2017 $	2016 $
Total current assets	31,979	382,876
Total assets	2,083,987	10,739,605
Total current liabilities	818,901	686,984
Total liabilities	818,901	686,984
Equity: Issued capital	28,895,980	28,435,880
Reserve	233,000	233,000
Retained profits	(27,863,895)	(18,616,359)
Total equity	1,265,085	10,052,621

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20: INTERESTS IN SUBSIDIARIES

During the twelve month period to 30th June 2017, Gateway Mining Limited continued to control its 100% owned subsidiary Boomgate Capital Pty Ltd. The subsidiary was established in the year ended 30 June 2013 and is incorporated in Australia. The consolidated financial statements incorporate the assets, liabilities and results of the subsidiary are in accordance with the accounting policy described in Note 1:

Name	Principal place of business/ Country of incorporation	Ownership interest	
		2017 %	2016 %
Boomgate Capital Pty Ltd	Australia	100.00%	100.00%

NOTE 21: COMPANY DETAILS

The registered office & sole principal place of business of the Group is:

Gateway Mining Limited
Level 11, 52 Phillip Street
Sydney NSW 2000 Australia

DIRECTORS DECLARATION

The directors declare that:

1 the financial statements and notes, as set out on pages 25 to 45 are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and
(b) give a true and fair view of the financial position as at 30th June 2017 and of the performance for the year ended on that date of the Group and economic entity;

2 the Managing Director and the Company Secretary, who perform the functions of Chief Executive Oficer and Chief Financial Officer respectively, have each declared that:

(a) the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
(b) the financial statements and notes for the financial year comply with the Accounting Standards; and
(c) the financial statements and notes for the financial year give a true and fair view;

3 in the directors' opinion there are reasonable grounds to believe that the Group 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 29th day of September 2017
Sydney

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International

Audit and Assurance Services

Level 15 1 O'Connell Street
Sydney NSW 2000
Australia

Tel +61 2 9262 2155
Fax +61 2 9262 2190

www.crowehorwath.com.au

Gateway Mining Limited

Independent Auditor's Report to the Members of Gateway Mining Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gateway Mining Limited (the Company and its subsidiary (the Group)), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended;
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Crowe Horwath™

Material Uncertainty Related to Going Concern

We draw attention to Note 1(b) in the financial report, which indicates that the Group incurred a net loss during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its total assets. As stated in Note 1(b), these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How we addressed the Key Audit Matter
Recognition of Capitalised Exploration and Evaluation Expenditure **Refer to Note 7 'Exploration and Evaluation Expenditure'**	
The capitalised exploration expenditure of the group represents the most significant item on the consolidated statement of financial position and involves judgement. We focused on this area as a key audit matter due to the judgements that are applied when considering costs to be capitalised. The consideration includes determining expenditures directly related to the exploration activities and allocating overheads between costs that are expensed and costs that are capitalised.	Our procedures included, amongst others: ▪ Reviewed management's accounting policy and ensured that it is in line with AASB 6 Exploration and Evaluation of Mineral Resources. ▪ Evaluated the directors' process regarding the capitalisation and recognition of exploration and evaluation expenditure. ▪ Selected a sample of exploration expenditure capitalised for the year. We assessed the existence, valuation and allocation of the expenditure by agreeing the original invoice to the general ledger, agreeing the project reference and ensuring capitalisation was in line with AASB 6 and the group's accounting policy.

Crowe Horwath™

Key Audit Matter	How we addressed the Key Audit Matter
Consideration of Impairment for Capitalised Exploration and Evaluation Expenditure **Refer to Note 7 'Exploration and Evaluation Expenditure'**	
Exploration assets must also be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The group shall then present and disclose any resulting impairment loss in accordance with AASB 136 *Impairment of Assets.* The impairment consideration is highly dependent on the following key factors: ▪ Detailed knowledge of the individual tenements held and status of operations and exploration activities in the specified area. ▪ Viability of the tenements and how this is affected by any changes such as industry impacts, geography of project, committed expenditure and tenement expiry date. The directors perform regular (every six months) assessments of the outstanding balance of exploration cost capitalised. This assessment is based on activities that had occurred between assessment dates. We focused on this area as a key audit matter due to the high degree of estimation and judgement required by the directors to assess whether impairment is required for the specified tenements held and the high value of the capitalised deferred exploration expenditure.	We challenged the directors' assumptions that support its position on impairment for exploration and evaluation expenditure as follows: ▪ Reviewed the provided budgets and drilling programs and assessed whether it covers the committed expenditure before the expiry date. ▪ Assessed the group's capacity to fund future committed exploration expenditure. ▪ Obtained the Resource Authority Public Report to verify the group's ownership interest of each of the tenements to which the exploration expenditure relates and to ensure appropriate disclosures were made in the notes to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

Crowe Horwath™

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, International Financial Reporting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 20 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Gateway Mining Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

L Russell

LEAH RUSSELL
Senior Partner

Dated at Sydney this 29th day of September 2017

SHARE HOLDER INFORMATION

a. Voting Rights

The total number of shares on issue is 318,422,962.

The total number of shareholders was 1,172 and each share carried one vote in person, by proxy or poll

b. Distribution of Shareholders by Number

Category (size of Holding)	Ordinary
1-1,000	234
1,001-5,000	276
5,001-10,000	130
10,001-100,000	316
100,001- and over	216
Total	1,172

c. Number of shareholdings held in less than marketable parcels is 802

d. The substantial shareholders in the Company are as follows:

HOLDER NAME	NUMBER HELD	PERCENTAGE
HSBC CUSTODY NOMINEES	23,254,422	7.30%

SHARE HOLDER INFORMATION

e. 20 largest Shareholders as at 29th September 2017

	HOLDER NAME	NUMBER HELD	PERCENTAGE
1	HSBC CUSTODY NOM AUST LTD	23,254,422	7.30%
2	BBY NOM PL IN LIQUIDATION	12,302,730	3.86%
3	QUEE LIM KIM	10,669,605	3.35%
4	NAM LIM CHOR	10,600,000	3.33%
5	FAROUK & ASSOC FZE	10,000,000	3.14%
6	ALDERBERG LTD	9,000,000	2.83%
7	GASCOYNE HLDGS PL	9,000,000	2.83%
8	WAI WONG CHI	8,680,000	2.73%
9	SACHA INV PL	8,450,000	2.65%
10	TAN KOK LEONG	8,309,716	2.61%
11	WONG PATRICIA EDITH	8,300,000	2.61%
12	RAXIGI PL	8,000,000	2.51%
13	CITICORP NOM PL	7,535,631	2.37%
14	MISTVEIL LTD	7,000,000	2.20%
15	WONG IVAN CHI HUNG	6,400,000	2.01%
16	CHEN EDWIN ZIHONG	6,000,000	1.88%
17	MARON GEORGE F + A M	5,265,000	1.65%
18	S M S COMMON FUND PL	4,500,000	1.41%
19	STRATEGIC WEALTH JOURNIES	4,148,285	1.30%
20	BNP PARIBAS NOMS PL	4,072,487	1.28%
	TOTAL	**171,487,876**	**53.85%**

f. There are currently no listed options on issue.

g. There are currently no unquoted securities on issue.

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement of Gateway Mining Limited (**the 'Company'**) has been prepared in accordance with the 3rd Edition of the Australian Securities Exchange's ('**ASX**') Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('**ASX Principles and Recommendations'**). The Company is required to disclose the extent to which it has followed the recommendations during the financial year, including reasons where the Company has not followed a recommendation and any related alternative governance practice adopted.

Both this Corporate Governance Statement and the ASX Appendix 4G have been lodged with the ASX. This statement has been approved by the Company's Board of Directors ('Board') and is current as at 29 September 2017.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1 - A listed entity should disclose:

(a) the respective roles and responsibilities of its board and management; and

(b) those matters expressly reserved to the board and those delegated to management.

The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives, and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The small management team supports the managing Director with general enquiries including exploration, budgeting, compliance and administration. One to its size, the company does not have a formal board charter or a nominee committee. The board meets at least once a annually to consider operation and review guidelines for board conduct and appointment of direction.

The Directors in office at the date of this statement are: Trent Franklin (Non-Executive Chairman), Gary Franklin (Non-Executive Director and Company Secretary) and Andrew Bray (Executive & Managing Director).

Under current ASX guidelines, two of the current Board (Trent Franklin and Gary Franklin) are considered to be independent directors. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval of the Chairman is required but this will not be unreasonably withheld.

Recommendation 1.2 - A listed entity should:

(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and

(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Before appointing a director, or putting forward to shareholders a director for appointment, the Company undertakes comprehensive reference checks that cover elements such as the person's character, experience, employment history and qualifications.

An election of directors is held each year. At the Annual General meeting ('AGM'). At each AGM, any directors which have been appointed during the year must be re-elected

The Company has provided in the Annual Report information about each candidate standing for election or re-election as a director that the Board considers necessary for shareholders to make a fully informed decision. Such information includes the person's biography, which include experience and qualifications, details of other directorships, and any material information which may affect the person's ability to act independently on matters before the Board.

Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, required committee work, notice requirements and other special duties, and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4 - The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary reports directly to the Board. And is responsible for the following:

- advising the Board on governance matters;
- monitoring compliance of the Board with policies and procedures;
- coordinating all Board business;
- retaining independent professional advisors;
- ensuring that the business at Board meetings is accurately minuted; and
- assisting with the induction and development of directors.

Recommendation 1.5 - A listed entity should:

(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;

(b) disclose that policy or a summary of it; and

(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:

(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or

(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Board does not intend to set measurable objectives for achieving gender diversity at this stage. The Board considers that due to the Company's current operations, size and number of employees it is not in a position to set meaningful objectives. The Board will review this position as the Company's circumstances change.

The respective proportion of women employees employed across the whole organisation, as at the date of this statement as follows:

	Portion of women
On the Board	0 out of 3 (0%)
In senior executive positions	0 out of 1 (0%)
Across the whole organisation	0 out of 4 (0%)

Recommendation 1.6 - A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board has not established any independent committees.

The Chair evaluates the performance of the Board and individual Directors through ongoing review with reference to the compositions of the Board and its suitability to carry out the Company's objectives. The Chair reports back to the Board as to its performance at least annually.

Recommendation 1.7 - A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of its senior executives; and

(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Chair in consultation with the Board reviews the performance of the company's employees. The current size and structure of the Company allows the Managing Director to conduct informal evaluation of the employees on a regular basis. The company has conducted a performance evaluation during this reporting period.

Principle 2: Structure the board to add value

Recommendation 2.1 - The board of a listed entity should:

(a) have a nomination committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Board has not established a Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee.

Nomination Committee items are marked as separate agenda items at Board meetings when required. To ensure that succession issues are addressed as necessary and to ensure the board has as appropriate balance of skills, knowledge and independence as necessary for the company.

The Board deals with any conflicts of interest that may occur when convening as the board of directors by ensuring that the director with the conflicting interests is not party to the relevant discussions.

Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

In structuring its board, the company looks to achieve a skill matrix of technical experience, public Company experience and financial experience. The Board considers that as is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Company.

Recommendation 2.3 - A listed entity should disclose:

(a) the names of the directors considered by the Board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

The Board considers that Trent Franklin and Gary Franklin are independent Directors. These Directors are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with or could be reasonably perceived to interfere with, the independent exercise of their judgment.

When considering the independence of a Director, the Board considers whether the Director:

1. is a substantial shareholder of the Company or an officer of, or otherwise;
2. associated directly with, a substantial shareholder of the Company;
3. is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
4. has within the last three years been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
6. has a material contractual relationship with the Company or another group member other than as a director.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed to the Board.

Details of the Board of directors, their appointment dated, length of service as independence status is as follows:

Director's name	Appointment date	Length of service at 30 June 2017	Independence status
Andrew Bray	29 October 2012	5 years	Executive Managing Director
Gary Franklin	29 April 2016	1 year 5 months	Independent Non-executive
Trent Franklin	28 February 2013	4 years 7 months	Independent Non-executive

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.

Two thirds of the Board is considered independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities. To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval from the Chair for incurring such expense, the Company will pay the reasonable expenses with obtaining such advice.

Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Trent Franklin is the Chair of the Board and is considered an independent director.

Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board in its capacity as Nomination Committee has a responsibility to ensure all new Directors are provided with an induction into the Company and that Directors have access to ongoing education relevant to their position in the Company.

Principle 3: Act ethically and responsibly

Recommendation 3.1 - A listed entity should:

(a) have a code of conduct for its directors, senior executives and employees; and

(b) disclose that code or a summary of it.

The Company does not at present have a formal code of conduct for the guidance of Directors and senior executives. However, the Board's stated policy is for Directors and management to conduct themselves with the highest ethical standards.

Similarly, the Company does not have a code of conduct to guide compliance with legal and other obligations, due to the Company's size and the small number of individuals employed

by the Group. However, the Board regularly reviews the risk and compliance situation to determine the most appropriate and effective operational procedures.

In relation to share trading, Directors, employees and key consultants are not permitted at any time whilst in the possession of price sensitive information not already available to the market to deal in any of the Company's securities.

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 - The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board,

and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has not established a separate Audit Committee due to the current size and composition of the Board. Accordingly, the Board believes there would be no efficiencies gained by establishing a separate Audit Committee. The Board addresses Audit Committee items separately at Board meetings as required.

The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

The Board is of the view that to date such a committee has not been necessary given the size and nature of its operations. This situation is subject to ongoing review.

Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

For the financial year ending on 30 June 2017, the board received a statement from its Managing Director and Company Secretary, whom perform the functions of CEO and CFO respectively, declaring that, in their opinion the financial records of the Company have been properly maintained and comply with the appropriate accounting standards.

Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

The external auditor attends the Company's AGM and is available to answer questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1 - A listed entity should:

(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and

(b) disclose that policy or a summary of it.

The Company's Directors and management have familiarised themselves with the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The company does not have a formal disclosure policy but undertakes regular reviews of compliance and reporting.

Principle 6: Respect the rights of security holders

Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.

The Company maintains information in relation to directors and senior executives, annual reports, ASX announcements and contact details on the Company's website. Upon being re-admitted to the official list of the ASX, the Company intends to provide further information about itself, its operations and its governance for the benefits of investors on its website.

Recommendations 6.2 and 6.3

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).

The Company does not have a formal communications strategy for participation with investors.

Besides the Annual Report which is sent to all shareholders, the Company aims to have all significant information disclosed to the ASX posted on the Company's website as soon as it is disclosed to the ASX. There is also an email address and contact number available to shareholders who have enquiries or are seeking further information. Investors may contact the Company by email at info@gatewaymining.com.au or via telephone at +61 2 8316 3998.

In addition, a notice of meeting and related communications are provided to the Company's auditor who, in accordance with the Corporations Act, is required to attend the Company's annual general meeting at which shareholders must be given a reasonable opportunity to ask questions of the auditor or their representative.

The Company does not have formal policies and processes in place to facilitate participation at meetings of security holders, however the Directors and management encourage security holders to attend and participate in all meetings of security holders.

Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Security holders may contact the Company by email at info@gatewaymining.com.au or via telephone at +61 2 8316 3998 or the share registry on +61 8 9315 2333. Security holders are also able to contact the Company's share registry via its website.

Principle 7: Recognise and manage risk

Recommendations 7.1 and 7.2

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).

The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).

The Company is a small exploration company and does not believe that there is significant need for formal policies on risk oversight and management. Risk management arrangements are the responsibility of the board of Directors and management collectively. And Risk Committee responsibility. The Board reviews all transactions and agreements prior to entering any significant transactions, including royalty agreements. The company intends to formalise risk management process as the company increases in size.

Recommendation 7.3 - A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Given the size and composition of the Company, the Board has not established an internal audit function, other than the Audit Committee function which the Board serves as disclosed in recommendation 4 above. The Board may from time to time engage an external auditor to conduct additional reviews of Company processes. As the Company grows, the Company will revisit whether or not it requires an internal audit function.

Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The risk profile of the Company is as follows:

- Market-related.
- Financial reporting.
- Operational.
- Environmental.
- Economic cycle/ marketing.
- Legal and compliance.

- Commodity prices

These risks are managed by having a Board composed of Directors who have substantial experience in each of the risk profile areas. Each board discussion considers the risks associated with each particular transaction which is contemplated by the Company and how best to mitigate or eliminate such risks for the protection of the Company.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 - The board of a listed entity should:

(a) have a remuneration committee which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board has not established a separate Remuneration Committee and therefore is not structured in accordance with recommendation 8.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. The Board performs the role of the Remuneration Committee itself via addressing Remuneration committee items separately at Board meetings.

The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions.

The Board in its capacity as Remuneration Committee did not meet during the 2016/ 2017 financial year however, remuneration related discussions were held by the Board from time to time as required.

Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Details of remuneration are set out in the Remuneration Report which forms part of the in the Annual Report. The policy on remuneration clearly distinguishes the structure of Non-Executive Director's remuneration from that of Executive Directors.

The Board is of the opinion shareholder interests have been well looked after by keeping cash remuneration levels very low relative to many industry peers.

Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it

Not applicable. The Company does not have an equity-based remuneration scheme.

Recommendation	Current Practice
Recommendation 1.1 - A listed entity should disclose: **(c) the respective roles and responsibilities of its board and management; and** **(d) those matters expressly reserved to the board and those delegated to management.**	Satisfied. The functions reserved for the Board and delegated to senior executives have been established.
Recommendation 1.2 - A listed entity should: **(c) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and** **(d) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.**	Satisfied. Appropriate checks have been undertaken.
Recommendation 1.3 - A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Satisfied. Agreements are in place.
Recommendation 1.4 - The Company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Satisfied. The procedure is in place.

Recommendation 1.5 - A listed entity should: **(d) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;** **(e) disclose that policy or a summary of it; and** **(f) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:** **(3) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or** **(4) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.**	Not Satisfied. No measurable objectives for achieving gender diversity have been set at this stage due to the Company's current operations, size and number of employees. This will be reviewed once circumstances change. The Company has disclosed the proportion of men and women on the Board in its annual report. Disclosure: Board- 100% men; Senior Executives – 100% men; whole organisation – 100% men.
Recommendation 1.6 - A listed entity should: **(c) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and** **(d) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.**	Satisfied. The Chair is responsible for evaluation of the Board and individual Directors. The Board has not established any independent committees. The Chair evaluates the performance of the Board and individual Directors by way of ongoing review with reference to the compositions of the Board and its suitability to carry out the Company's objectives. The Chair reports back to the Board as to its performance at least annually.
Recommendation 1.7 - A listed entity should: **(c) have and disclose a process for periodically evaluating the performance of its senior executives; and** **(d) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the**	Satisfied. The Chair in consultation with the Board reviews the performance of the company's employees. The current size and structure of the Company allows the Managing Director to conduct informal evaluation of the employees on a regular basis. The company has conducted a performance evaluation during this reporting period.

reporting period in accordance with that process.	
Recommendation 2.1 - The board of a listed entity should: **(a) have a nomination committee which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or** **(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.**	Not Satisfied. The Board has not established a Nomination Committee. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Nomination Committee. Accordingly, the Board performs the role of the Nomination Committee. Nomination Committee items are marked as separate agenda items at Board meetings when required. To ensure that succession issues are addressed as necessary and to ensure the board has as appropriate balance of skills, knowledge and independence as necessary for the company. The Board deals with any conflicts of interest that may occur when convening as the Nomination Committee by ensuring that the director with the conflicting interests is not party to the relevant discussions.
Recommendation 2.2 - A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Satisfied. In structuring its board, the company looks to achieve a skill matrix of technical experience, public Company experience and financial experience. The Board considers that as is appropriate for the effective execution of the Board's responsibilities and the size and operations of the Company.
Recommendation 2.3 - A listed entity should disclose: **(a) the names of the directors considered by the Board to be independent directors;** **(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and** **(c) the length of service of each director.**	Satisfied. The Board considers that Trent Franklin and Gary Franklin are independent Directors. These Directors are independent as they are non-executive Directors who are not members of management and who are free of any business or other relationship that could materially interfere with or could be reasonably perceived to interfere with, the independent exercise of their judgment.

Recommendation 2.4 - A majority of the board of a listed entity should be independent directors.	Satisfied. Two thirds of the Board is considered independent. The Board considers that the current size and composition of the Board is appropriate for the execution of the Board's responsibilities.
Recommendation 2.5 - The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Satisfied. Trent Franklin the Company Chairman is independent.
Recommendation 2.6 - A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Satisfied. The Board in its capacity as Nomination Committee has a responsibility to ensure all new Directors are provided with an induction into the Company and that Directors have access to ongoing education relevant to their position in the Company.
Recommendation 3.1 - A listed entity should: **(a) have a code of conduct for its directors, senior executives and employees; and** **(b) disclose that code or a summary of it.**	Not Satisfied. The Company does not at present have a formal code of conduct for the guidance of Directors and senior executives. However, the Board's stated policy is for Directors and management to conduct themselves with the highest ethical standards. Similarly, the Company does not have a code of conduct to guide compliance with legal and other obligations, due to the Company's size and the small number of individuals employed by the Group. However, the Board regularly reviews the risk and compliance situation to determine the most appropriate and effective operational procedures.
Recommendation 4.1 - The board of a listed entity should: **(a) have an audit committee which:** **(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and** **(2) is chaired by an independent director, who is not the chair of the board,** **and disclose:** **(3) the charter of the committee;** **(4) the relevant qualifications and experience of the members of the committee; and** **(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or** **(b) if it does not have an audit committee, disclose that fact and the processes it**	Not Satisfied. The Board has not established a separate Audit Committee due to the current size and composition of the Board. Accordingly, the Board believes there would be no efficiencies gained by establishing a separate Audit Committee. The Board addresses Audit Committee items separately at Board meetings as required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Audit Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Board is of the view that to date such a committee has not been necessary given the size and nature of its operations. This situation is subject to ongoing review.

employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	
Recommendation 4.2 - The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Satisfied. For the financial year ending on 30 June 2017, the board received a statement from its Managing Director and Company Secretary, whom perform the functions of CEO and CFO respectively, declaring that, in their opinion the financial records of the Company have been properly maintained and comply with the appropriate accounting standards.
Recommendation 4.3 - A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Satisfied. The external auditor attends the Company's AGM and is available to answer questions from security holders relevant to the audit.
Recommendation 5.1 - A listed entity should: **(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and** **(b) disclose that policy or a summary of it.**	Not Satisfied The Company's Directors and management have familiarised themselves with the ASX's continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure to the market. The company does not have a formal disclosure policy but undertakes regular reviews of compliance and reporting.
Recommendation 6.1 - A listed entity should provide information about itself and its governance to investors via its website.	Not Satisfied. The Company maintains information in relation to directors and senior executives, annual reports, ASX announcements and contact details on the Company's website. Upon being re-admitted to the official list of the ASX, the Company intends to provide further information about itself, its operations and its governance for the benefits of investors on its website.
Recommendations 6.2 and 6.3 **A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors (6.2).**	Not Satisfied. The Company does not have a formal communications strategy for participation with investors. Besides the Annual Report which is sent to all shareholders, the Company aims to have all significant information disclosed to the ASX

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders (6.3).	posted on the Company's website as soon as it is disclosed to the ASX. There is also an email address and contact number available to shareholders who have enquiries or are seeking further information. Investors may contact the Company by email at info@gatewaymining.com.au or via telephone at +61 2 8316 3998. The Company does not have formal policies and processes in place to facilitate participation at meetings of security holders, however the Directors and management encourage security holders to attend and participate in all meetings of security holders.
Recommendation 6.4 - A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Satisfied. Security holders may contact the Company by email at info@gatewaymining.com.au or via telephone at +61 2 8316 3998 or the share registry on +61 8 9315 2333. Security holders are also able to contact the Company's share registry via its website.
Recommendations 7.1 and 7.2 **The board of a listed entity should:** **(a) have a committee or committees to oversee risk, each of which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or** **(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework (7.1).** **The Board or a committee of the Board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place (7.2).**	Not Satisfied. The Company is a small exploration company and does not believe that there is significant need for formal policies on risk oversight and management. Risk management arrangements are the responsibility of the board of Directors and management collectively. And Risk Committee responsibility. The Board reviews all transactions and agreements prior to entering any significant transactions, including royalty agreements. The company intends to formalise risk management process as the company increases in size.

Recommendation 7.3 - A listed entity should disclose: **(a) if it has an internal audit function, how the function is structured and what role it performs; or** **(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.**	Satisfied. Given the size and composition of the Company, the Board has not established an internal audit function, other than the Audit Committee function which the Board serves as disclosed in recommendation 4 above. The Board may from time to time engage an external auditor to conduct additional reviews of Company processes. As the Company grows, the Company will revisit whether or not it requires an internal audit function.
Recommendation 7.4 - A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Satisfied. The risk profile of the Company is as follows: • Market-related. • Financial reporting. • Operational. • Environmental. • Economic cycle/ marketing. • Legal and compliance. • Commodity prices These risks are managed by having a Board composed of Directors who have substantial experience in each of the risk profile areas. Each board discussion considers the risks associated with each particular transaction which is contemplated by the Company and how best to mitigate or eliminate such risks for the protection of the Company.
Recommendation 8.1 - The board of a listed entity should: **(a) have a remuneration committee which:** **(1) has at least three members, a majority of whom are independent directors; and** **(2) is chaired by an independent director,** **and disclose:** **(3) the charter of the committee;** **(4) the members of the committee; and** **(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or** **(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of**	Not Satisfied. The Board has not established a separate Remuneration Committee and therefore is not structured in accordance with recommendation 8.1. Given the current size and composition of the Board, the Board believes that there would be no efficiencies gained by establishing a separate Remuneration Committee. The Board performs the role of the Remuneration Committee itself via addressing Remuneration committee items separately at Board meetings. The Board deals with any conflicts of interest that may occur when convening in the capacity of the Remuneration Committee by ensuring that the Director with conflicting interests is not party to the relevant discussions. The Board in its capacity as Remuneration Committee did not meet during the 2016/ 2017 financial year however, remuneration related

remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	discussions were held by the Board from time to time as required.
Recommendation 8.2 - A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Satisfied. Details of remuneration are set out in the Remuneration Report which forms part of the in the Annual Report. The policy on remuneration clearly distinguishes the structure of Non-Executive Director's remuneration from that of Executive Directors. The Board is of the opinion shareholder interests have been well looked after by keeping cash remuneration levels very low relative to many industry peers.
Recommendation 8.3 - A listed entity which has an equity-based remuneration scheme should: **(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and** **(b) disclose that policy or a summary of it**	Not applicable. The Company does not have an equity-based remuneration scheme.