

ASX Announcement: 21 February 2019

GATEWAY DIVESTS NON-CORE BRYAH BASIN EXPLORATION ASSETS AS IT MAINTAINS WA GOLD FOCUS

Transaction with proposed new IPO Dingo Resources consistent with Gateway's focus on rapidly advancing its flagship Gidgee Gold Project

Gateway Mining Limited (ASX: GML) (**Gateway** or **Company**) is pleased to advise that it has entered into an option agreement for the sale of its exploration licences in the Bryah Basin district of Western Australia (Figure 1) as part of its strategy of crystallising value from its portfolio of non-core exploration assets while maintaining a strong focus on gold exploration and development at its flagship Gidgee Gold Project.

The Company, through its wholly-owned subsidiary Omni Projects Pty Limited (**Omni Projects**), has entered into a conditional option agreement (**Transaction**) with Dingo Resources Limited (**Dingo**) under which Dingo has an exclusive option to acquire Omni Project's interests in E51/1738, E51/1842, E52/3273 and E52/3510 (**Tenements**) (**Option Agreement**).

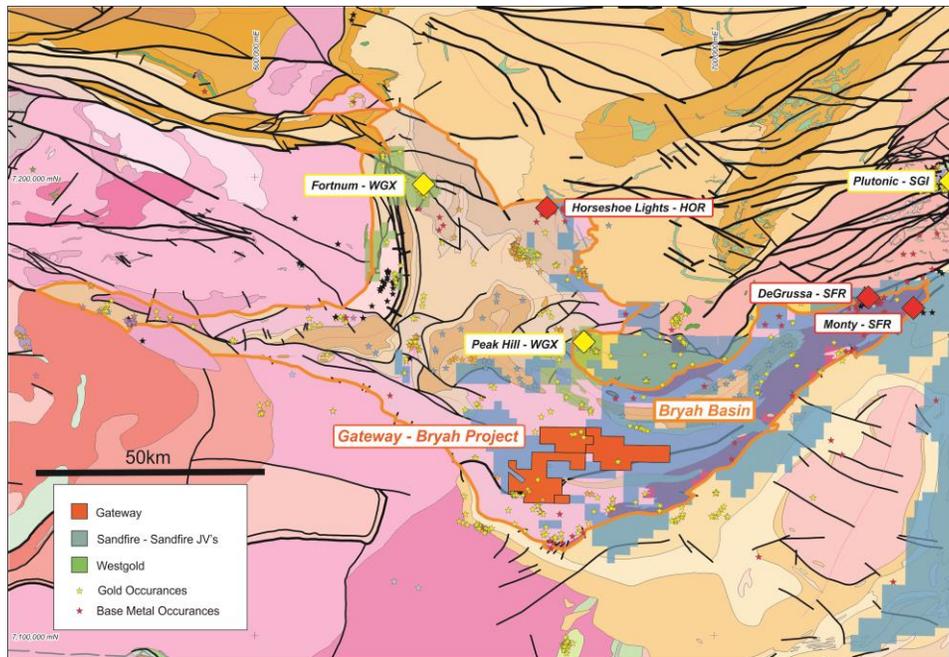


Figure (1): Bryah Basin Location and Geology

Under the terms of the Option Agreement, in consideration for a non-refundable option fee of AUD\$75,000, Dingo has an exclusive six-month option (**Initial Option Term**) to acquire the Tenements (**Option**).

Dingo may at any time prior to expiry of the Initial Option Term elect to extend the Option by a further three months (**Second Option Term**) by providing written notice to the Company. Dingo may at any time prior to expiry of the Second Option Term elect to extend the Option by a further three months by providing written notice to the Company and paying a further non-refundable option fee of AUD\$25,000. This will result in Dingo having an aggregate 12-month Option to acquire the Tenements (**Term**).

The exercise of the Option by Dingo is conditional and subject to:

- (a) Dingo completing a capital raising via an Initial Public Offer prospectus and raising sufficient funds in order to list on the Australian Securities Exchange (**ASX**); and
- (b) the ASX confirming to Dingo in writing that it will grant Dingo conditional approval to list on ASX on terms reasonably acceptable to Dingo.

(Collectively, the **Conditions**).

Subject to the satisfaction or waiver of the Conditions, Dingo may at any time during the Term exercise the Option by providing written notice to the Company and enter into a binding tenement sale agreement (**Tenement Sale Agreement**), and pay to the Company the following consideration:

- (a) (**Cash Consideration**): cash consideration of A\$300,000;
- (b) (**Share Consideration**): 3,000,000 fully-paid ordinary shares in the capital of Dingo at a deemed issue price of \$0.20 per share, subject to a voluntary escrow period of twelve months; and
- (c) (**Royalty Consideration**): the grant of a 1.5% net smelter royalty over the Tenements.

Completion will occur three business days after the execution of the Tenement Sale Agreement or such other date as agreed in writing between the parties (**Completion**).

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

- (a) maintaining the Tenements in good standing in accordance with all applicable laws including minimum expenditure requirements being met and the payment of all rates and rents; and
- (b) all rehabilitation of the Tenements including all costs relating to rehabilitation of the Tenements. In the event that Dingo does not exercise the Option, it will only be responsible for rehabilitation of work actually carried out by it on the Tenements during the Term.

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

MANAGEMENT COMMENT

Gateway's Managing Director, Peter Langworthy, said the option agreement with Dingo Resources provided a pathway to crystallise value from the Bryah Basin tenements in partnership with a new exploration company with a strategic focus in the region.

"We are pleased to have secured this arrangement with Dingo, which has an experienced corporate, commercial and technical team and is looking to complete an IPO and list on the ASX this year," he said.

"They already have highly prospective Western Australian base metal projects and the consolidation of our tenements into their portfolio will provide the best opportunity to crystallise value through a transaction, which includes cash, shares and a future production royalty."

Peter Langworthy
Managing Director

For and on behalf of
GATEWAY MINING LIMITED

Competent Person Statement

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