



ASX Announcement: 11 April 2019

GATEWAY DIVESTS NON-CORE CARTERTON EXPLORATION PROJECT AS IT CONTINUES TO SHARPEN GIDGEE FOCUS

Transaction consistent with focus on rapidly advancing the 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 Licence located at the northern end of the Southern Cross Greenstone Belt in Western Australia. The transaction is consistent with its strategy of crystallising value from its portfolio of non-core exploration assets while maintaining a strong focus on gold exploration and development at its flagship Gidgee Gold Project.

The Company, through its wholly-owned subsidiary Omni Projects Pty Limited (**Omni Projects**), has entered into a conditional option agreement (**Transaction**) with ASX-listed Syndicated Metals Limited (ASX: SMD) (**SMD**) under which SMD has an exclusive option to acquire Omni Projects' interests in E77/2309 (**Tenement**) (**Option Agreement**).

Under the terms of the Option Agreement, in consideration for a non-refundable option fee of AUD\$10,000, SMD has an exclusive 12-month option (**Initial Option Term**) to acquire the Tenement (**Option**).

SMD may at any time prior to expiry of the Initial Option Term elect to extend the Option by a further 12 months (**Second Option Term**) by providing written notice to the Company and paying a further non-refundable option fee of AUD\$10,000. This will result in SMD having an aggregate 24-month Option to acquire the Tenement (**Term**).

SMD 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 or share Consideration**): A\$300,000 payable in cash or SMD shares (valued at a 5-day VWAP) at Gateway's absolute discretion; and
- (b) (**Royalty Consideration**): the grant of a 1.5% gross revenue royalty over the Tenement.

Completion will occur five business days after the exercise of the Option 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, SMD shall be solely responsible for:

- (a) Maintaining the Tenement 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 Tenement required as a result of its activities on the Tenement including all costs relating to such rehabilitation.

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

MANAGEMENT COMMENT

Gateway's Non-Executive Chairman, Trent Franklin, said: "This continues our strategy of crystallising value from our extensive portfolio of non-core exploration assets through sensible transactions with companies that are better placed to take these projects forward. This also reaffirms our absolute focus on the Gidgee Gold Project, which is emerging as an exciting large-scale gold project with the potential to create significant value for our shareholders. Following the recently completed \$2 million capital raising, we are now well placed to move ahead with the next phase of exploration at Gidgee."

Trent Franklin
Non-Executive Chairman

For and on behalf of
GATEWAY MINING LIMITED