ABN: 31 008 402 391
Level 7, Simpson House, 249 Pitt Street Sydney NSW 2000
PO Box A278 Sydney South NSW 1235
Tel: 61 2 9283 5711
Fax: 61 2 9283 5766
Email: gml8@bigpond.com
Website: www.gatewaymining.com.au

GATEWAY MINING Limited

Exploration to be stepped up at Gidgee following signing of two farm-in deals

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HIGHLIGHTS

- Advanced exploration activities are to be considerably stepped up at Gateway's Gidgee tenements in Western Australia following two farm-in agreements with an unlisted public company, Avenue Resources Limited.
- Avenue is expected to accelerate exploration work over a number of advanced prospects, including Whistler and the Rosie group of gold prospects. It will spend up to $1.45 million to earn 70% in one group of tenements and $1.1 million to earn 80% in a second group of Gidgee tenements over a maximum of five years.
- This includes a minimum first year expenditure of $320,000 before Avenue can exit. The projects will be managed by Gateway Mining during the first year of the earn-in period, and by mutual agreement subsequently.
- The agreements are dependent on successful listing of Avenue on the Australian Securities Exchange, expected in August 2010.
- Gateway will retain and continue to fund and operate a third group of prospective tenements in the Gidgee area and anticipates speeding up work on the advanced Julia's Fault gold prospect.

Summary

Gateway has recently signed two earn-in agreements with Avenue Resources Limited ("Avenue") over tenements at its Gidgee Project, located approximately 630km NW of Perth in the northern Yilgarn of Western Australia.

Avenue is currently an unlisted public company, however it expects to IPO on the ASX in August 2010.

The agreements cover two groups of tenements (Figure 1), one currently held 100% by Gateway, and a second held 85% by Gateway and 15% by Goldfan Limited, a subsidiary of Herald Resources Limited.

The Gateway/Goldfan area covers the Airport gold trend, which includes four Mining Leases covering the shallow open pits that were mined by Herald and Polaris Pacific in the 1980's/early 1990's, and also cover a number of advanced drill-ready prospects including Rosie, Whistler and Montague-Boulder.

Gateway believes that the area is underexplored at depth, with less than 5% of holes being drilled deeper than 100m. The Company believes that the agreement will bring in funding to effectively test this prospective area, with Gateway still retaining an interest.

The agreements do not include tenements currently held in conjunction with Estuary Resources (a subsidiary of Red 5 Limited), over which Gateway will still continue to fund and operate and which include a number of significant prospects, including Victory Creek and Julia's Fault, along with a number of other geochemical and geophysical targets.

Agreement Details

The details of the tenements are as follows.

100% Gateway Tenements – Avenue earning 80%

E57/688	(West Montague)
E57/687	(Howard Montague)
P57/1155	(Montague)
P57/1149	(Howard Montague)
P57/1150	(Montague)
P57/1151	(Montague)
P57/1152	(West Montague)
P57/1179	(Victory Creek North)
P57/1180	(Victory Creek North)
P57/1181	(Victory Creek North)
P57/1182	(Victory Creek North)
E57/417	(Montague)
P57/1232	(Montague West)
P57/1233	(Montague West)

Gateway (85%)/Goldfan (15%) Tenements – Avenue earning 70%

M57/48	(Montague)
M57/98	(Montague)
M57/99	(Montague)
G57/2	(Montague)
M57/217	(Montague)

Details of the earn-in structures are as follows:

100% Gateway Tenements

- Minimum spend of $125,000 in the first year, as per an agreed exploration programme.
- Avenue to earn 51% of the tenements by spending $600,000 (including the year one expenditure) over a maximum period of three years, with the relevant interests at the end of this period being Avenue 51%, Gateway 49%.
- Avenue may then elect to earn a further 29% (to take their total interest to 80%) by spending a cumulative total of $1,100,000 over a maximum period of five years. If Avenue does not elect to earn additional equity a Joint Venture shall be formed with relevant interests being Avenue 51%, Gateway 49%.
- Upon Avenue reaching 80%, Gateway shall then be free carried at 20% until Avenue decides to proceed to construct and operate a mine, at which point Gateway may elect to convert its equity into a 2.5% net smelter return else form a Joint Venture with Avenue and co-contribute.

Gateway (85%)/Goldfan (15%) JV Tenements

- Minimum spend of $200,000 in the first year, as per an agreed exploration programme.
- Earn 51% of the tenements by spending $850,000 (including the year one expenditure) over a maximum period of three years.
- Avenue may then elect to earn a further 19% (to take their total interest to 70%) by spending a cumulative total of $1,450,000 over a maximum period of five years. If Avenue does not elect to earn additional equity a Joint Venture shall be formed with relevant interests being Avenue 51%, Gateway 49% (including Goldfan's 15% interest under the current Montague Farm-in and Joint Venture Agreement).
- Upon Avenue reaching 70%, the parties shall then form a Joint Venture with the participating interests being Avenue 70%, Gateway 30% (including Goldfan's 15% interest under the current Montague Farm-in and Joint Venture Agreement).
- Goldfan's rights under the current agreement with Gateway are not affected by the agreement with Avenue.

Other points relating to the earn-ins include:

- Agreements are contingent upon Avenue successfully completing an IPO on the Australian Securities Exchange ("ASX"). If this is not satisfied within six months of signing of the agreements either party may rescind the agreement
- Promptly following a successful IPO, in respect of each earn-in agreement, Avenue shall grant Gateway 600,000 options (for a total of 1,200,000 options) to acquire one ordinary share in Avenue at a strike price of $0.35 and an expiry date of the fourth anniversary of the date of the IPO Prospectus.
- Gateway shall be Managers of the tenements for the first year, and by mutual agreement in subsequent years

Work Programmes

Under the terms of the earn-in agreements Gateway will manage the work programmes for at least the first year.

Previous work by Gateway has delineated a number of drill ready targets, and the first year work programmes are largely comprised of RC percussion drilling to test these targets. These targets include possible strike and depth extensions to known mineralisation, as well as follow up of previous intersections.

Within the tenements where Avenue is earning 80% there are a number RAB and geophysical anomalies requiring follow up.

Gateway will continue to progress work on the tenements it retains control of, with these tenements containing a number of prospects. These include Julia's Fault (a Gateway gold discovery), Victory Creek as well as a number of other geophysical and RAB generated targets.

For further information visit our website at www.gatewaymining.com.au
or contact: Bob Creelman, Director or Mark Gordon, Consultant on Tel: 02 9283 5711

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr. Mark Gordon, a Consultant to the company, a Chartered Professional Member of the Australasian Institute of Mining and Metallurgy and a Member of The Australian Institute of Geoscientists. Mr Mark Gordon has a minimum of 5 years experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Mark Gordon consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

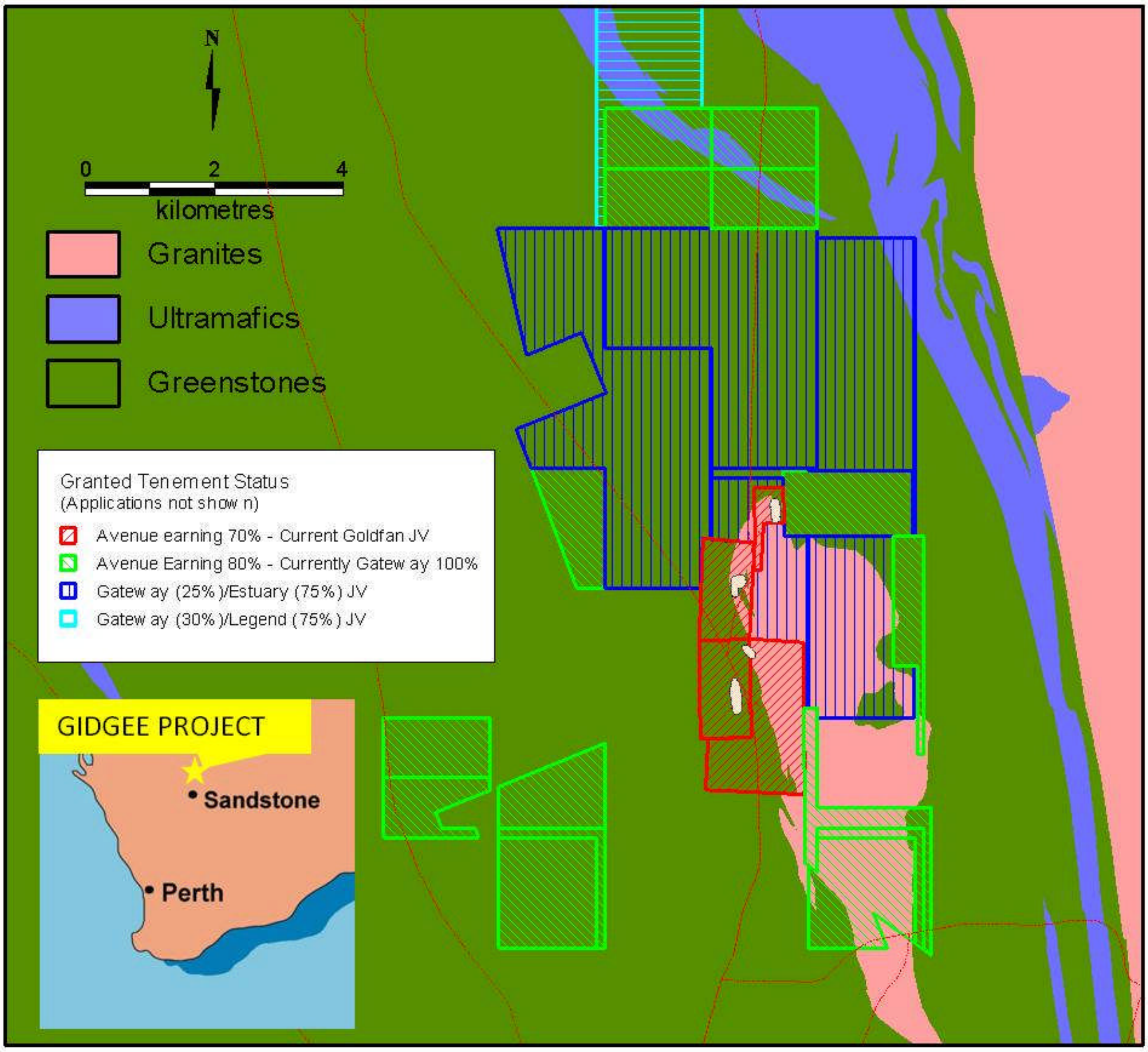

Figure 1: Map showing location and details of current Gidgee tenement holdings. Note that this does not include a number of tenement applications not yet granted that were made prior to the Gateway-Avenue agreements being signed.