



RESOURCES LIMITED

NEWS RELEASE 11-05

Gossan to Invest in East Mining Company and Announces Private Placement

October 24, 2011 – **Gossan Resources Limited** (GSS-TSX.V & Frankfurt/Freiverkehr & Xetra – WKN 904435) has signed a Letter of Intent (LOI) with East Mining Company SA (“EMC”) of Athens, Greece, to investigate and examine the possibilities of acquiring mineral projects within Europe, on a non-exclusive basis, and initially to assess three potential projects in Greece. Additional projects may be pursued.

Under the terms of the LOI, Gossan will invest Euro 300,000, currently about CDN \$420,000, and provide certain expertise for a 40% equity interest in EMC, a private company in registration, subject to due diligence and receipt by EMC of one or more mineral resource licenses by no later than March 31, 2012, or such other agreeable date, and the approval of the TSX Venture Exchange.

Douglas Reeson, CEO of Gossan, commented, “An investment in East Mining Company provides Gossan with the opportunity to participate in a material re-valuation of mineral assets and potentially support Gossan in broadening its magnesium strategy into Europe.”

Gossan is also undertaking a non-brokered private placement of up to \$860,000 of units (the “Units”), subject to the approval of the TSX Venture Exchange. Each Unit consists of one common share and one common share purchase warrant at a price of \$0.16 per Unit. Each warrant entitles the holder thereof to purchase one additional common share of Gossan at an exercise price of \$0.24 per share during the period ending November 29, 2013.

All securities issued in the course of the Offering will be subject to a regulatory hold period of four months and one day, and a voluntary hold period for a further 8 months or one year in total. Insiders of the Company may subscribe for in excess of 25% of the aggregate proceeds of the contemplated private placement. The principals of EMC may also subscribe to the contemplated private placement. No fees are anticipated to be paid in regard to the placement of the issue. Proceeds of the Units may be used to complete the proposed investment in East Mining Company and will be used for general working capital purposes. The private placement may be closed in two or more tranches.

On September 23, 2011, Gossan received an offer for the sale of its equity interest in The Claims Network Inc. (TCN), a service provider to the property and casualty insurance industry of claims-related services, for a net sale price of \$1.4 million. TCN has declared a dividend, in accord with the terms of the agreement, and Gossan has received a payment of \$115,030. The transaction is subject to a first right of refusal by existing TCN shareholders, the execution of a definitive agreement with the offeror and the approval of the TSX Venture Exchange, if necessary. The transaction is expected to close in early December 2011 however no assurance can be provided that the transaction will close (see NR-11-04 dated September 23, 2011).

Gossan Resources Limited is engaged in mineral exploration and development in Manitoba and northwestern Ontario. It has a well-diversified portfolio of properties hosting gold, platinum group and base metals, as well as the specialty and minor metals, vanadium, titanium, tantalum, lithium, and chromium. The Company also has a large deposit of magnesium-rich dolomite, the world-wide rights to the Zuliani magnesium production process, and a silica frac sand deposit. Gossan trades on the TSX Venture Exchange and has 29,277,900 common shares outstanding.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

For further information, please bookmark www.gossan.ca or contact:

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