



RESOURCES LIMITED

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**Gossan Presents Paper on Primary Magnesium Process
at 9th International Magnesium Alloys Conference**

July 10, 2012 – Gossan Resources Limited’s (GSS-TSX.V & GSR-Frankfurt/Freiverkehr & Xetra – WKN 904435) Technical Advisor, Dr. Zuliani, will be delivering a keynote paper entitled, “Making Magnesium A More Cost & Environmentally Competitive Option” at the 9th International Conference on Magnesium Alloys and Their Applications being held July 8-12, 2012 in Vancouver, BC. The conference, themed “Innovation and Progress Through Research and Technology”, focuses on the most recent advances in magnesium Alloy science and technology.

The tri-annual conference, which brings together magnesium sector representatives from industry producers & users, public laboratories and universities, is being held for the first time outside of Europe. The 5-day conference extensively covers all areas of research on magnesium and is comprised of 14 keynote sessions and 165 concurrent technical sessions. The conference is supported by MagNET, a Canadian, NSERC-supported consortium functioning as a Strategic Network developing magnesium materials for the transportation sector.

As the world’s lightest structural metal, the growth potential for magnesium is unprecedented in view of the accelerating demand for light-weighting in transportation and for portable devices. To seize this opportunity, magnesium must become cost and environmentally competitive with other lightweight materials, particularly aluminum. In view of its weight saving advantage, magnesium’s cost competitive position improves dramatically if its production cost is maintained at about 1.3 times aluminum’s production cost. Future growth also requires environmental competitiveness. Primary magnesium producers need to utilize process technology that provides a much more attractive life cycle assessment than is currently achieved.

Dr. Zuliani’s paper outlines the factors affecting: the market opportunity for magnesium in light-weighting; trends in magnesium production costs & pricing; magnesium’s competitive position with aluminum; magnesium’s environmental Life Cycle Analysis (LCA); and current developments in the Zuliani Process for the primary production of magnesium.

A copy of Dr. Zuliani’s MagALLOY paper may be found at:

www.gossan.ca/pdfs/Conference9MagALLOY-Paper-Vancouver-July2012.pdf .

And a copy of Dr. Zuliani’s MagALLOY presentation may be found at:

www.gossan.ca/pdfs/Conference9MagALLOY-Presentation-Vancouver-July2012.pdf .

Based on the extensive bench scale testing and thermodynamic modeling completed to date, the Zuliani Process has demonstrated a magnesium recovery for producing magnesium ingot from calcined dolomite of 90.4% which compares to about 74.0% for Chinese magnesium producers using the Pidgeon Process (about 80% of world supply utilizing technology originally developed in the 1940’s). More importantly, the Zuliani Process uses 29% less ferrosilicon, which is the

largest single input cost in magnesium production. Subject to confirmation of the process on a commercial scale, the direct cost of magnesium ingot produced with the Zuliani Process is expected to be about 25-30% less than the direct cost of Chinese magnesium ingot landed in western markets. The low operating costs, as well as, a dramatic reduction in carbon emissions, is achieved by the high raw material utilization efficiency of the production process and the use of hydro-electricity, natural gas and high-purity dolomite.

An independent Green House Gas Study recently reported that primary magnesium produced using the Gossan-Zuliani Process has a Global Warming Potential (GWP – reported in kg CO₂ per kg Mg) of only 9.1. The GWP achieved through the Zuliani Process is materially lower than the GWP for magnesium produced by the Pidgeon Process in China - the IMA recently estimated the GWP 26.2 for Chinese plants utilizing waste coke gas as fuel whereas previous reports indicate a GWP of 43.3 for Chinese plants utilizing coal. In a broader comparison, the GWP for the Gossan –Zuliani Process is about 28% lower than the average GWP for aluminum (GWP 12.7). The study concludes that midsize car carbon emissions could be reduced by almost 7% over the car's life expectancy by light-weighting using magnesium produced by the Zuliani Process. Fuel efficiency would improve by an even greater amount.

A copy of the Process Research ORTECH report entitled “Lowering of CO₂ Emission for Magnesium Production by Gossan-Zuliani Process” may be found at: www.gossan.ca/projects/pdf/MgGHGReport.pdf

Information on the 9th International Conference on Magnesium Alloys and Their Applications may be found at: www.magnesium2012vancouver.com .

Information on the Canadian magnesium research consortium, MagNET, may be found at: www.magnet.ubc.ca .

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 high-efficiency magnesium production process, and a silica frac sand deposit. Gossan trades on the TSX Venture and the Frankfurt/Freiverkehr & Xetra Exchanges and has 33,140,400 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.

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