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GOSSAN RESOURCES LIMITED  
CONDENSED INTERIM FINANCIAL STATEMENTS  
THREE MONTHS ENDED JUNE 30, 2013  
(EXPRESSED IN CANADIAN DOLLARS)  
(UNAUDITED)

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## **MANAGEMENT'S RESPONSIBILITY LETTER**

Management acknowledges responsibility for the preparation and presentation of the unaudited condensed interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances. The unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting, using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established processes, which are in place to provide them sufficient knowledge to support management representations that they have exercised reasonable diligence that (i) the unaudited condensed interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim financial statements and (ii) the unaudited condensed interim financial statements fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the unaudited condensed interim financial statements.

The Board of Directors is responsible for reviewing and approving the unaudited condensed interim financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited condensed interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited condensed interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

## **NOTICE TO READER**

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

**Gossan Resources Limited**  
**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
(Unaudited)

As at	June 30, 2013	March 31, 2013
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 394,852	\$ 495,700
Restricted cash	200,000	200,000
Short term investments	20,004	20,004
Accounts receivable	8,652	6,381
Prepaid expenses	13,425	-
Marketable securities (Note 5)	30,000	-
	<b>666,933</b>	<b>722,085</b>
<b>Non-Current</b>		
Equipment (Note 6)	2,578	2,787
	<b>\$ 669,511</b>	<b>\$ 724,872</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 59,013	\$ 61,548
Due to related parties (Note 12)	36,721	30,943
	<b>95,734</b>	<b>92,491</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	11,851,494	11,851,494
Warrants (Note 9)	120,071	120,071
Contributed surplus	1,422,268	1,421,931
Deficit	(12,820,056)	(12,761,115)
	<b>573,777</b>	<b>632,381</b>
	<b>\$ 669,511</b>	<b>\$ 724,872</b>

*See accompanying notes to these unaudited condensed interim financial statements.*

Nature of Operations and Going Concern (Note 1)  
Contingencies and Commitments (Note 13)

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**Gossan Resources Limited****CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS****(Expressed in Canadian Dollars)****(Unaudited)**

<b>For the three months ended June 30,</b>	<b>2013</b>	<b>2012</b>
<b>Expenses</b>		
Exploration and evaluation expenditures (Note 5)	\$ 4,870	\$ 90,163
General and administrative (Note 11)	84,071	164,681
<b>Net loss before the following</b>	<b>(88,941)</b>	<b>(254,844)</b>
Gain on disposition of mineral property interest (Note 5)	25,000	-
Unrealized gain on marketable securities (Note 5)	5,000	-
<b>Net loss and comprehensive loss</b>	<b>(58,941)</b>	<b>(254,844)</b>
<b>Basic and diluted net loss and comprehensive loss per share (Note 10)</b>	<b>\$ -</b>	<b>\$ 0.00</b>
<b>Basic and diluted net loss per share</b>	<b>\$ -</b>	<b>\$ (0.01)</b>
<b>Weighted average number of common shares outstanding</b>	<b>33,170,000</b>	<b>33,140,400</b>

*See accompanying notes to these unaudited condensed interim financial statements.*

**Gossan Resources Limited**  
**CONDENSED INTERIM STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)  
(Unaudited)

<b>For the three months ended June 30,</b>	<b>2013</b>	<b>2012</b>
<b>Cash (used in) provided by:</b>		
<b>Operating Activities</b>		
Net loss for the period	\$ (58,941)	\$ (254,844)
Adjustment for:		
Depreciation	209	422
Unrealized gain on marketable securities (Note 5)	(5,000)	-
Gain on disposition of mineral property interest (Note 5)	(25,000)	-
Stock-based compensation	337	49,170
Non-cash working capital items:		
Accounts receivable	(2,271)	22,948
Prepaid expenses	(13,425)	4,283
Accounts payable and accrued liabilities	(2,535)	3,893
Due to related parties	5,778	(132,437)
	<b>(100,848)</b>	<b>(306,565)</b>
<b>Net change in cash</b>	<b>(100,848)</b>	<b>(306,565)</b>
<b>Cash, beginning of period</b>	<b>495,700</b>	<b>1,379,865</b>
<b>Cash, end of period</b>	<b>\$ 394,852</b>	<b>\$ 1,073,300</b>

*See accompanying notes to these unaudited condensed interim financial statements.*

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**Gossan Resources Limited****CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY****(Expressed in Canadian Dollars)****(Unaudited)**

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	<b>Share Capital</b>	<b>Warrants</b>	<b>Contributed Surplus</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, March 31, 2012</b>	\$ 11,844,894	\$ 120,071	\$ 1,334,110	\$(11,983,310)	\$ 1,315,765
Stock-based compensation	-	-	49,170	-	49,170
Net loss and comprehensive loss for the period	-	-	-	(254,844)	(254,844)
<b>Balance, June 30, 2012</b>	<b>\$ 11,844,894</b>	<b>\$ 120,071</b>	<b>\$ 1,383,280</b>	<b>\$(12,238,154)</b>	<b>\$ 1,110,091</b>
<b>Balance, March 31, 2013</b>	\$ 11,851,494	\$ 120,071	\$ 1,421,931	\$(12,761,115)	\$ 632,381
Stock-based compensation	-	-	337	-	337
Net loss and comprehensive loss for the period	-	-	-	(58,941)	(58,941)
<b>Balance, June 30, 2013</b>	<b>\$ 11,851,494</b>	<b>\$ 120,071</b>	<b>\$ 1,422,268</b>	<b>\$(12,820,056)</b>	<b>\$ 573,777</b>

*See accompanying notes to these unaudited condensed interim financial statements.*

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# Gossan Resources Limited

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 1. Nature of Operations and Going Concern

Gossan Resources Limited (the "Company") is a public corporation that was incorporated federally on June 16, 1980. The Company, directly and through joint ventures is in the business of acquiring and exploring resource properties that it believes contain mineralization. To date, the Company is considered to be in the exploration and development stage.

The Company's head office is located at 171 Donald Street, Suite 404, Winnipeg, Manitoba, Canada, R3C 1M4.

These financial statements have been prepared on the basis of a going concern, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company has not earned significant revenues. The ability of the Company to continue as a going concern is dependent upon the discovery of economically recoverable reserves; confirmation of the Company's ownership in the underlying mineral claims; the acquisition of required permits to mine; the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. All of these outcomes are uncertain and taken together indicate the existence of material uncertainties that cast significant doubt over the ability of the Company to continue as a going concern.

As the Company has no revenue producing mines, the Company's ability to continue as a going concern is dependent upon its ability to raise funds in the capital markets, or through the sale of assets. The Company is in the exploration and evaluation stage and as is common with many exploration companies, it raises financing for its exploration and acquisition activities in discrete tranches. The Company had working capital of \$571,199 at June 30, 2013 (March 31, 2013 - \$629,594). At June 30, 2013, the Company had sufficient funds to finance its current exploration plans and administrative expenses and expects to be a going concern for the next twelve months. Further financing will be required for operations beyond the next twelve months. While there is no assurance these funds can be raised, the Company believes such financing may be available as required. The Company's discretionary exploration activities do have considerable scope for flexibility in terms of the amount and timing of exploration expenditure, and expenditures may be adjusted accordingly.

The Company is traded on the TSX Venture Exchange under the symbol "GSS" and on the Frankfurt/Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435).

The financial statements were approved by the Board of Directors on August 29, 2013.

### 2. Accounting Policies

#### a) Statement of Compliance

These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations issued by International Financial Reporting Interpretations Committee ("IFRIC").

#### b) Basis of Presentation

These financial statements have been prepared on a historical cost basis except for the revaluation of certain financial instruments. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

In the preparation of these financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period. Actual results could differ from these estimates.

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## **Gossan Resources Limited**

### **NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2013**

**(Expressed in Canadian Dollars)**

**(Unaudited)**

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#### **2. Significant Accounting Policies (Continued)**

##### **c) Significant Accounting Policies**

The Company's annual financial statements have been prepared in accordance with IFRS issued by IASB and interpretations issued by IFRIC.

#### **3. Capital Management**

The Company manages its capital with the following objectives:

- To ensure sufficient financial flexibility to achieve the ongoing business objectives including funding of future growth opportunities, and pursuit of accretive acquisitions; and
- To maximize shareholder return through enhancing the share value.

The Company monitors its capital structure and makes adjustments according to market conditions in an effort to meet its objectives given the current outlook of the business and industry in general. The Company may manage its capital structure by issuing new shares, repurchasing outstanding shares, adjusting capital spending, or disposing of assets. The capital structure is reviewed by Management and the Board of Directors on an ongoing basis.

The Company considers its capital to be shareholders' equity, comprising share capital, contributed surplus, warrants, and deficit, which at June 30, 2013, totalled \$573,777 (March 31, 2013 - \$632,381).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three months ended June 30, 2013. The Company is not subject to externally imposed capital requirements.

#### **4. Mineral Property and Financial Risk Factors**

##### **a) Mineral Property Risk**

The Company's major mineral properties are listed in Note 5. Unless the Company acquires or develops additional material mineral properties, the Company will be mainly dependent upon its existing properties. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's properties would have a materially adverse effect on the Company's financial condition and results of operations.



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# Gossan Resources Limited

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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### 4. Mineral Property and Financial Risk Factors (Continued)

#### b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate, commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

#### Credit Risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash, short term investments and accounts receivable. Cash and short term investments are held with select major Canadian chartered banks, from which management believes the risk of loss to be minimal.

Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal. Other accounts receivable consist of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of June 30, 2013.

#### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at June 30, 2013, the Company had cash from continuing operations of \$394,852 (March 31, 2013 - \$495,700) to settle current liabilities of \$95,734 (March 31, 2013 - \$92,491). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

#### Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign currency rates, and commodity and equity prices.

#### *Interest Rate Risk*

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

#### *Foreign Currency Risk*

The Company's functional and reporting currency is the Canadian dollar and major purchases are transacted in Canadian dollars. As a result, the Company's exposure to foreign currency risk is minimal.

#### *Price Risk*

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices, as they relate to gold, vanadium, titanium, base metals, PGE's, magnesium, aluminum, proppant sand, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

# Gossan Resources Limited

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

### 4. Mineral Property and Financial Risk Factors (Continued)

#### b) Financial Risk (Continued)

##### Sensitivity Analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

- (i) The Company has no term debt and receives low interest rates on its cash balances. As such the Company does not have significant interest rate risk.
- (ii) The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of minerals may be produced in the future, a profitable market will exist for them.

As of June 30, 2013, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

- (iv) Mineral property risk is significant. In particular, if an economic orebody is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.
- (v) A variance of 10% in the market value of the Company's marketable securities would affect the Company's loss and comprehensive loss by \$3,000.

### 5. Exploration and Evaluation Expenditures

	Historical Expenditures, March 31, 2013	Current Expenditures	Historical Expenditures, June 30, 2013
Pipestone Lake	\$ 1,810,376	\$ (9,544)	\$ 1,800,832
Bird River	884,007	900	884,907
Inwood	1,121,864	6,944	1,128,808
Separation Rapids	192,176	-	192,176
Manigotagan Silica (i)	780,968	2,970	783,938
Sharpe Lake	481,066	-	481,066
Other	2	-	2
	<b>\$ 5,270,459</b>	<b>\$ 1,270</b>	<b>\$ 5,271,729</b>

For a description of these exploration properties, please see Note 5 of the Company's March 31, 2013 audited annual financial statements.

In addition to the above expenditures, during the three months ended June 30, 2013, the Company incurred \$3,600 in evaluation expenditures on prospective property interests.

## Gossan Resources Limited

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

#### 5. Exploration and Evaluation Expenditures (Continued)

	Historical Expenditures, March 31, 2012	Current Expenditures	Historical Expenditures, June 30, 2012
Pipestone Lake	\$ 1,798,011	\$ 10,885	\$ 1,808,896
Bird River	878,216	1,670	879,886
Inwood	921,484	71,740	993,224
Separation Rapids	192,176	-	192,176
Manigotagan Silica	769,697	5,868	775,565
Sharpe Lake	480,646	-	480,646
Other	2	-	2
	<u>\$ 5,040,232</u>	<u>\$ 90,163</u>	<u>\$ 5,130,395</u>

*In addition to the above expenditures, during the three months ended June 30, 2012, the Company incurred \$nil in evaluation expenditures on prospective property interests.*

- i) On June 18, 2013, the Company closed a purchase and sale agreement to vend its Manigotagan Silica Frac Sand Project, comprised of 9 quarry leases located near Seymourville Manitoba, to Claim Post Resources Inc. ("Claim Post") (CPS-TSX.V). Gossan had been seeking a joint-venture partner or a purchaser for the Project since completing a marketing study in late 2010. In 2012, Claim Post acquired the adjacent Seymourville Property to the south and announced plans to develop a frac sand operation. A consolidation of the two properties should improve the viability of the project.

Under the terms of the agreement, Gossan received 1,000,000 shares of Claim Post (ascribed a fair value of \$25,000) to be followed by 4 additional property payments on a semi-annual basis with a maximum cash value of \$1,330,000, as well as, a royalty interest. On December 18, 2013, Gossan will receive an additional 2,000,000 shares of Claim Post or a cash payment of \$200,000, at Claim Post's option. In 2014, Claim Post is required to make two cash payments of \$350,000 each and a final cash property payment in 2015 of \$430,000. Consideration for this purchase and sale agreement shall be recognized in the Company's statement of loss and comprehensive loss as a gain on disposition of mineral property interest when it is received by the Company.

An initial annual advance royalty payment of \$50,000 becomes payable as of June 18, 2016, unless the operation has commenced commercial production resulting in the payment of production royalties. All frac sand produced, sold and paid from the nine Manigotagan leases is subject to a \$1.00 per tonne production royalty payable quarterly and all other products are subject to a \$0.50 per tonne production royalty. Although the royalty is solely payable on production from the Manigotagan leases, the agreement also provides for a minimum production royalty from both the Manigotagan and Seymourville Properties based on their relative remaining mining reserves of frac sand with Gossan's Manigotagan Property having a deemed minimum mineable reserve of 6 million tonnes of frac sand. Claim Post can acquire one-half of Gossan's production royalty interest for \$1.5 million at any time after making all of the required property payments.

The 1,000,000 common shares received pursuant to closing on June 18, 2013, with a fair value of \$25,000 has been recorded as a gain on disposition of mineral property interest on the Company's condensed interim statements of loss and comprehensive loss. The underlying marketable securities have been designated as financial assets 'at fair value through profit or loss' ("FVTPL"), and are measured at fair value on each reporting period. Any changes in market value are recorded on the Company's statement of loss and comprehensive loss. Accordingly, for the period ended June 30, 2013, the Company recorded an unrealized gain on marketable securities held of \$5,000.

# Gossan Resources Limited

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

### 6. Equipment

#### *COST*

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, March 31, 2013	\$ 19,599	\$ 7,435	\$ 1,155	\$ 5,327	\$ 33,516
<b>Balance, June 30 2013</b>	<b>\$ 19,599</b>	<b>\$ 7,435</b>	<b>\$ 1,155</b>	<b>\$ 5,327</b>	<b>\$ 33,516</b>

#### *ACCUMULATED DEPRECIATION*

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, March 31, 2013	\$ 17,767	\$ 7,435	\$ 1,027	\$ 4,500	\$ 30,729
Depreciation for the period	137	-	10	62	209
<b>Balance, June 30, 2013</b>	<b>\$ 17,904</b>	<b>\$ 7,435</b>	<b>\$ 1,037</b>	<b>\$ 4,562</b>	<b>\$ 30,938</b>

#### *CARRYING AMOUNTS*

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
At March 31, 2013	\$ 1,832	\$ -	\$ 128	\$ 827	\$ 2,787
<b>At June 30, 2013</b>	<b>\$ 1,695</b>	<b>\$ -</b>	<b>\$ 118</b>	<b>\$ 765</b>	<b>\$ 2,578</b>

### 7. Share Capital

#### a) Authorized share capital

At June 30, 2013, the authorized share capital consisted of an unlimited number of common shares. The common shares do not have a par value.

#### b) Common shares issued

At June 30, 2013, the issued share capital amounted to \$11,851,494. The change in issued share capital for the period is as follows:

	Number of Common Shares	Amount
Balance, March 31, 2012 and June 30, 2012	33,140,400	\$ 11,844,894
<b>Balance, March 31, 2013 and June 30, 2013</b>	<b>33,170,400</b>	<b>\$ 11,851,494</b>

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**Gossan Resources Limited****NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS****THREE MONTHS ENDED JUNE 30, 2013****(Expressed in Canadian Dollars)****(Unaudited)**

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**8. Stock Options**

The following table reflects the continuity of stock options for the three months ended June 30, 2013 and 2012

	<b>Number of Stock Options</b>	<b>Weighted Average Exercise Price (\$)</b>
Balance, March 31, 2012	1,780,000	0.17
Granted	860,000	0.16
Expired	(140,000)	0.17
<b>Balance, June 30, 2012</b>	<b>2,500,000</b>	<b>0.16</b>
Balance, March 31, 2013	2,940,000	0.15
Expired	(440,000)	0.12
<b>Balance, June 30, 2013</b>	<b>2,500,000</b>	<b>0.15</b>

The following table reflects the actual stock options issued and outstanding as of June 30, 2013:

<b>Expiry Date</b>	<b>Exercise Price (\$)</b>	<b>Weighted Average Remaining Contractual Life (years)</b>	<b>Number of Options Outstanding</b>
March 25, 2014	0.16	0.73	70,000
March 28, 2014	0.15	0.74	390,000
March 28, 2014	0.12	0.74	120,000
March 26, 2015	0.17	1.74	460,000
September 21, 2015	0.16	2.23	360,000
September 21, 2015	0.12	2.23	80,000
March 21, 2016	0.16	2.73	70,000
March 21, 2016	0.12	2.73	70,000
March 25, 2016	0.16	2.74	80,000
March 26, 2016	0.17	2.74	150,000
March 21, 2017	0.16	3.73	280,000
March 21, 2017	0.12	3.73	80,000
September 21, 2017	0.12	4.23	290,000
	0.15	2.32	2,500,000

Of the 2,500,000 options outstanding, 2,400,000 are exercisable.

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## Gossan Resources Limited

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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#### 9. Warrants

The following table reflects the continuity of warrants for the three months ended June 30, 2013 and 2012:

	Number of Warrants	Weighted Average Exercise Price (\$)
<b>Balance, March 31, 2012, June 30, 2012 and June 30, 2013</b>	<b>3,772,500</b>	<b>0.24</b>

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As at June 30, 2013, the following warrants were outstanding:

Expiry Date	Number of Warrants	Weighted Average Exercise Price (\$)
November 29, 2013	3,772,500	0.24

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#### 10. Net Loss per Common Share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the periods ended June 30, 2013 and 2012.

#### 11. General and Administrative

For the three months ended June 30,	2013	2012
Administrative fees	\$ 5,626	\$ 5,509
Management fees	21,000	27,000
Consulting	3,000	3,556
Office and general	28,073	25,947
Public company costs	21,014	36,392
Investor relations	3,756	14,932
Travel and related	1,056	1,753
Stock-based compensation	337	49,170
Depreciation	209	422
	<b>\$ 84,071</b>	<b>\$ 164,681</b>

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# Gossan Resources Limited

## NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

### 12. Related Party Balances and Transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

The Company entered into the following transactions with related parties:

<b>For the three months ended June 30,</b>		<b>2013</b>	<b>2012</b>
CEO fees	(i)	\$ 18,000	\$ 24,000
Consulting fees paid to Directors	(ii)	\$ 3,600	\$ 9,536
Marrelli Support Services Inc. ("MSSI")	(iii)	\$ 8,626	\$ 8,509

- (i) Chief Executive Officer fees for the period. As at March 31, 2013, \$21,242 (March 31, 2013 - \$nil) was included in due to related parties with respect to fees and reimbursable expenditures.
- (ii) Directors of the Company. Fees relate to evaluation, geological and community engagement consulting services. As at June 30, 2013, \$3,600 (March 31, 2013 - \$10,977) was included in due to related parties with respect to these fees.
- (iii) During the three months ended June 30, 2013, the Company expensed \$8,626 (three months ended June 30, 2012, \$8,509) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:
- (i) Carmelo Marrelli to act as Chief Financial Officer ("CFO") of the Company;
  - (ii) Bookkeeping and office support services;

The Marrelli Group is also reimbursed for out of pocket expenses.

Both Marrelli Support and DSA are private companies. Carmelo Marrelli is the president of Marrelli Support and corporate secretary and sole director of DSA.

As of June 30, 2013, the Marrelli Group was owed \$13,429 (March 31, 2013 - \$9,916) and these amounts were included in due to related parties.

- (iv) As at June 30, 2013, \$10,050 (March 31, 2013 - \$10,050) was outstanding in regard to retained directors' fees.

Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Other remuneration of Directors and Officers of the Company was as follows:

<b>For the three months ended,</b>	<b>2013</b>	<b>2012</b>
Stock-based payments	\$ -	\$ 25,400

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## Gossan Resources Limited

### NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2013

(Expressed in Canadian Dollars)

(Unaudited)

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#### 13. Contingencies and Commitments

- i) By agreement dated September 17, 2012, the Company is committed under an operation lease for its office premises with the following lease payments to the expiration of the lease on September 30, 2017.

2014	9,685
2015	12,913
2016	12,913
2017	12,913
2018	6,457

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\$ 54,881

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- (ii) The Company has signed an agreement for the rental of a core storage facility. The Company is committed to lease payments amounting to \$3,600 to the expiration of the lease on March 31, 2014.