
GOSSAN RESOURCES LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED DECEMBER 31, 2012
(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

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	December 31, 2012	March 31, 2012
ASSETS		
Current Assets		
Cash	\$ 629,330	\$ 1,379,865
Restricted cash	200,000	200,000
Short term investments	20,004	20,004
Accounts receivable	8,503	33,183
Prepaid expenses	4,474	23,329
	862,311	1,656,381
Non-Current		
Equipment (Note 6)	3,209	4,475
	\$ 865,520	\$ 1,660,856
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 69,598	\$ 135,184
Due to related parties (Note 13)	45,845	209,907
	115,443	345,091
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	11,851,494	11,844,894
Warrants (Note 9)	120,071	120,071
Contributed surplus (Note 10)	1,420,546	1,334,110
Deficit	(12,642,034)	(11,983,310)
	750,077	1,315,765
	\$ 865,520	\$ 1,660,856

Nature of Operations and Going Concern (Note 1)
Contingencies and Commitments (Note 14)
Subsequent Event (Note 15)

See accompanying notes to these unaudited condensed interim financial statements.

Gossan Resources Limited

CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Expenses				
Exploration and evaluation expenditures (Note 5)	\$ 87,503	\$ 121,378	\$ 204,283	\$ 221,194
Property evaluation expenditures	12,604	-	24,196	-
General and administrative (Note 12)	160,249	232,591	430,245	493,706
Net loss from continuing operations	(260,356)	(353,969)	(658,724)	(714,900)
Net income from discontinued operations	-	34,147	-	195,121
Net loss and comprehensive loss for the period	\$ (260,356)	\$ (319,822)	\$ (658,724)	\$ (519,779)
Basic and diluted net loss and comprehensive loss per share (Note 11)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.02)
Basic and diluted net (loss) income per share				
- Continuing operations (Note 11)	\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.03)
- Discontinued operations (Note 11)	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01
Weighted average number of common shares outstanding	33,170,400	30,461,681	33,154,975	29,649,544

See accompanying notes to these unaudited condensed interim financial statements.

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

	Share Capital	Warrants	Contributed Surplus	Deficit	Total
Balance, March 31, 2011	\$ 11,340,594	\$ -	\$ 1,267,490	\$ (12,574,187)	\$ 33,897
Exercise of stock options - cash	16,404	-	-	-	16,404
Exercise of stock options - Black-Scholes valuation	5,910	-	(5,910)	-	-
Stock-based compensation	-	-	72,530	-	72,530
Private placement	603,600	-	-	-	603,600
Cost of issue	(9,043)	-	-	-	(9,043)
Fair value of warrants issued	(120,071)	120,071	-	-	-
Net loss and comprehensive loss for the period	-	-	-	(519,779)	(519,779)
Balance, December 31, 2011	\$ 11,837,394	\$ 120,071	\$ 1,334,110	\$ (13,093,966)	\$ 197,609
Balance, March 31, 2012	\$ 11,844,894	\$ 120,071	\$ 1,334,110	\$ (11,983,310)	\$ 1,315,765
Exercise of stock options - cash	4,800	-	-	-	4,800
Exercise of stock options - Black-Scholes valuation	1,800	-	(1,800)	-	-
Stock-based compensation	-	-	88,236	-	88,236
Net loss and comprehensive loss for the period	-	-	-	(658,724)	(658,724)
Balance, December 31, 2012	\$ 11,851,494	\$ 120,071	\$ 1,420,546	\$ (12,642,034)	\$ 750,077

See accompanying notes to these unaudited condensed interim financial statements.

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

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 and 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 condensed interim 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 and the recoverability of amounts shown for mineral properties are 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 condensed interim 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 cast 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 or net cash flows from operations from its subsidiary.

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 condensed interim financial statements were approved by the Board of Directors on March 1, 2013.

The Company is at an early stage of development 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 \$746,868 at December 31, 2012 (March 31, 2012 - of \$1,311,290). At December 31, 2012, the Company had sufficient funds to finance its current exploration plans 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 will 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.

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 Preparation

The condensed interim financial statements are presented in Canadian dollars. The condensed interim financial statements are prepared on the historical cost basis or the fair value basis for certain financial instruments.

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

2. 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 December 31, 2012, totalled \$750,077 (March 31, 2012 - \$1,315,765).

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 nine months ended December 31, 2012. 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.

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.

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS THREE AND NINE MONTHS ENDED DECEMBER 31, 2012 (Expressed in Canadian Dollars) (Unaudited)

4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

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 December 31, 2012.

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 December 31, 2012, the Company had cash from continuing and discontinued operations of \$629,330 (March 31, 2012 - \$1,379,865) to settle current liabilities of \$115,443 (March 31, 2012 - \$345,091). 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 AND NINE MONTHS ENDED DECEMBER 31, 2012

(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 nine-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 December 31, 2012, 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.

5. Exploration and Evaluation Expenditures

	Historical Expenditures, March 31, 2012	Current Expenditures	Historical Expenditures, December 31, 2012
Pipestone Lake	\$ 1,798,011	\$ 11,910	\$ 1,809,921
Bird River	878,216	5,191	883,407
Inwood	921,484	179,794	1,101,278
Separation Rapids	192,176	-	192,176
Manigotagan Silica	769,697	7,108	776,805
Sharpe Lake	480,646	280	480,926
Other	2	-	2
	\$ 5,040,232	\$ 204,283	\$ 5,244,515

For a description of these exploration properties, please see Note 5 of the Company's March 31, 2012 audited annual financial statements

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NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
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(Expressed in Canadian Dollars)
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5. Exploration and Evaluation Expenditures (Continued)

	Historical Expenditures, March 31, 2011	Current Expenditures	Historical Expenditures, December 31, 2011
Pipestone Lake	\$ 1,729,126	\$ 55,682	\$ 1,784,808
Bird River	877,579	637	878,216
Inwood	785,102	126,151	911,253
Separation Rapids	192,176	-	192,176
Manigotagan Silica	747,911	20,514	768,425
Sharpe Lake	480,469	177	480,646
Vermillion	-	18,033	18,033
Other	2	-	2
	\$ 4,812,365	\$ 221,194	\$ 5,033,559

6. Equipment

COST

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, March 31, 2012	\$ 19,599	\$ 7,435	\$ 1,155	\$ 5,327	\$ 33,516
Balance, December 31, 2012	\$ 19,599	\$ 7,435	\$ 1,155	\$ 5,327	\$ 33,516

ACCUMULATED DEPRECIATION

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, March 31, 2012	\$ 16,395	\$ 7,435	\$ 987	\$ 4,224	\$ 29,041
Depreciation for the period	1,029	-	30	207	1,266
Balance, December 31, 2012	\$ 17,424	\$ 7,435	\$ 1,017	\$ 4,431	\$ 30,307

CARRYING AMOUNTS

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, March 31, 2012	\$ 3,204	\$ -	\$ 168	\$ 1,103	\$ 4,475
Balance, December 31, 2012	\$ 2,175	\$ -	\$ 138	\$ 896	\$ 3,209

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED DECEMBER 31, 2012
(Expressed in Canadian Dollars)
(Unaudited)

7. Share Capital

a) Authorized share capital

At December 31, 2012, the authorized share capital consisted of unlimited number of common shares. The common shares do not have a par value.

b) Common shares issued

At December 31, 2012, 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, 2011	29,207,900	\$ 11,340,594
Private placement	3,772,500	603,600
Costs of issue	-	(9,043)
Issuance of warrants - Black-Scholes valuation	-	(120,071)
Exercise of options - cash	110,000	16,404
Exercise of options - Black-Scholes valuation	-	5,910
Balance, December 31, 2011	33,090,400	\$ 11,837,394
Balance, March 31, 2012	33,140,400	\$ 11,844,894
Exercise of options - cash	30,000	4,800
Exercise of options - Black-Scholes valuation	-	1,800
Balance, December 31, 2012	33,170,400	\$ 11,851,494

8. Stock Options

The following table reflects the continuity of stock options for the period ended December 31, 2012:

	Number of Stock Options	Weighted Average Exercise Price (\$)
Balance, March 31, 2011	1,910,000	0.25
Granted	990,000	0.17
Exercised	(110,000)	0.15
Expired	(550,000)	0.42
Balance, December 31, 2011	2,240,000	0.16
Balance, March 31, 2012	1,780,000	0.17
Granted (i)(ii)(iii)(iv)(v)(vi)	1,600,000	0.14
Exercised	(30,000)	0.16
Expired	(140,000)	0.17
Balance, December 31, 2012	3,210,000	0.15

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

8. Stock Options (Continued)

- (i) On April 13, 2012, the Company granted 200,000 incentive stock options to an investor relations consultant of the Company. The options are exercisable at \$0.16 per share, expire on September 21, 2015, and vest at a rate of 25% every three months. The resulting fair value of \$12,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 1.2% and an expected average life of 2.3 years. During the three and nine months ended December 31, 2012, \$1,750 and \$11,250 was charged to the Company's condensed interim statement of loss and comprehensive loss.
- (ii) On April 13, 2012, the Company granted 250,000 incentive stock options to consultants, officers and directors of the Company. The options are exercisable at \$0.16 per share, expire on September 21, 2015, and vest immediately upon grant. The resulting fair value of \$15,000 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 1.2% and an expected average life of 2.3 years.
- (iii) On April 13, 2012, the Company granted 130,000 incentive stock options to consultants, officers and directors of the Company. The options are exercisable at \$0.16 per share, expire on March 21, 2016, and vest immediately upon grant. The resulting fair value of \$8,320 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 1.2% and an expected average life of 2.6 years.
- (iv) On April 13, 2012, the Company granted 280,000 incentive stock options to consultants, officers and directors of the Company. The options are exercisable at \$0.16 per share, expire on March 21, 2017, and vest immediately upon grant. The resulting fair value of \$19,600 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 1.2% and an expected average life of 3.1 years.
- (v) On October 1, 2012, the Company granted 600,000 incentive stock options to officers and directors and 20,000 incentive options to consultants of the Company. The options are exercisable at \$0.12 per share, have expiry dates from June 21, 2013 to September 21, 2017, and vest immediately upon grant. The resulting fair value of \$33,440 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility from 55% to 85%; a risk-free interest rate of 1.2% and expected lives from 0.7 years to 3.1 years. During the three and nine months ended December 31, 2012, \$33,440 was charged to the Company's condensed interim statement of loss and comprehensive loss.
- (vi) On October 31, 2012, the Company granted 120,000 incentive stock options to a consultant of the Company. The options are exercisable at \$0.12 per share, expire on March 28, 2014, and vest one quarter every three months from the date of the grant. The resulting fair value of \$1,800 was estimated using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 55%; a risk-free interest rate of 1.2% and an expected average life of 1.2 years. During the three and nine months ended December 31, 2012, \$626 was charged to the Company's condensed interim statement of loss and comprehensive loss.

The resulting fair value for the above noted stock options is included in general and administrative expense on the Company's condensed interim statements of loss and comprehensive loss

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

8. Stock Options (Continued)

The following table reflects the actual stock options issued, outstanding as of December 31, 2012:

Expiry Date	Exercise Price (\$)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
March 28, 2013	0.20	0.24	190,000
June 21, 2013	0.12	0.47	100,000
March 25, 2014	0.16	1.23	70,000
March 28, 2014	0.15	1.24	460,000
March 28, 2014	0.12	1.24	120,000
March 26, 2015	0.17	2.23	690,000
September 21, 2015	0.16	2.72	420,000
September 21, 2015	0.12	2.72	80,000
March 21, 2016	0.16	3.22	130,000
March 21, 2016	0.12	3.22	70,000
March 25, 2016	0.16	3.23	80,000
March 26, 2016	0.17	3.24	150,000
March 21, 2017	0.16	4.22	280,000
March 21, 2017	0.12	4.22	80,000
September 21, 2017	0.12	4.73	290,000
	0.15	2.52	3,210,000

Of the 3,210,000 options outstanding, 3,040,000 are exercisable

9. Warrants

The following table reflects the continuity of warrants for the period ended December 31, 2012:

	Number of Warrants	Weighted Average Exercise Price (\$)
Balance, March 31, 2011	-	-
Granted	3,772,500	0.24
Balance, December 31, 2011	3,772,500	0.24
Balance, March 31, 2012 and December 31, 2012	3,772,500	0.24

As at December 31, 2012, the following warrants were outstanding:

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

Gossan Resources Limited

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10. Contributed Surplus

Balance - March 31, 2012	\$	1,334,110
Fair value of stock options granted		88,236
Fair value of stock options exercised		(1,800)

Balance - December 31, 2012 **\$ 1,420,546**

11. 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 period ended.

12. General and Administrative

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Administrative fees	\$ 2,396	\$ 5,358	\$ 16,219	\$ 21,801
Management fees	27,000	21,000	81,000	63,000
Consulting	4,805	-	12,378	-
Office and general	25,436	30,513	75,862	82,659
Public company costs	39,232	38,542	103,923	90,570
Legal expenses related to pending sale transaction	-	84,062	-	84,062
Investor relations	24,395	39,747	47,615	65,889
Travel and related	747	2,894	3,746	11,927
Stock-based compensation	35,816	10,050	88,236	72,530
Amortization	422	425	1,266	1,268
	\$ 160,249	\$ 232,591	\$ 430,245	\$ 493,706

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

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13. 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:

		Three Months Ended December 31,		Nine Months Ended December 31,	
		2012	2011	2012	2011
CEO fees	(i)	\$ 24,000	\$ 18,000	\$ 72,000	\$ 54,000
Consulting fees paid to Directors	(ii)	\$ 7,810	\$ 9,456	\$ 18,860	\$ 20,417
Marrelli Support Services Inc. ("MSSI")	(iii)	\$ 8,396	\$ 8,358	\$ 25,219	\$ 30,801

(i) Chief Executive Officer fees for the period.

(ii) Directors of the Company. Fees relate to geological and community engagement consulting services.

(iii) The Chief Financial Officer ("CFO") of the Company is the president of MSSI. Fees related to accounting services provided by MSSI and the CFO function performed by Carmelo Marrelli.

In addition to amounts noted above, amounts due to related parties total \$45,845 (March 31, 2012 - \$209,907) are unsecured, non-interest bearing and have no fixed terms of repayment. During the nine months ended December 31, 2012, a Director of the Company advanced \$nil to the Company (nine months ended December 31, 2011 - \$135,000) under the same terms.

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).

Remuneration of Directors and key management personnel of the Company was as follows:

	Three Months Ended December 30,		Nine Months Ended December 31,	
	2012	2011	2012	2011
Stock-based payments	\$ 32,460	\$ 10,050	\$ 57,860	\$ 59,250

14. 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.

2013	\$ 3,228
2014	12,913
2015	12,913
2016	12,913
2017	12,913
2018	6,457
	<hr/>
	\$ 61,337

Gossan Resources Limited

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

THREE AND NINE MONTHS ENDED DECEMBER 31, 2012

(Expressed in Canadian Dollars)

(Unaudited)

14. Contingencies and Commitments (Continued)

(ii) The Company has signed an agreement for the rental of a core storage facility. The Company is committed with the following lease payments to the expiration of the lease on March 31, 2014.

2013	\$	900
2014		3,600
		<hr/>
	\$	4,500

15. Subsequent Event

On March 1, 2013, the Company was advised by Dr. Zuliani that he would not accept Gossan's latest offer pertaining to the ongoing development and commercialization of the Zuliani Process for the primary production of magnesium metal and the original agreement, the 2007 Memorandum of Understanding, has expired.