GOSSAN RESOURCES LIMITED

FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2012 AND 2011

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S RESPONSIBILITY LETTER

Management acknowledges responsibility for the preparation and presentation of the 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 financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and necessarily include amounts based on estimates and judgments of management.

MNP LLP, our independent auditors, is engaged to express a professional opinion on the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow the auditors to report whether the financial statements prepared by management are presented fairly in accordance with IFRS.

The Board of Directors must ensure that management fulfils its responsibilities for financial reporting. In furtherance of the foregoing, the Board of Directors has appointed an Audit Committee composed of three directors, two of whom are independent. The Audit Committee meets with the independent auditors to discuss the results of their audit report prior to submitting the financial statements to the Board of Directors for its approval. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's financial statements.

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.

"Douglas Reeson"	"Andrew Thomson"
President and C.E.O.	Director

Independent Auditors' Report

To the Shareholders of Gossan Resources Limited:

We have audited the accompanying financial statements of Gossan Resources Limited, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of earnings (loss) and comprehensive earnings (loss), cash flows and changes in shareholders' equity for the years ended March 31, 2012 and March 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Gossan Resources Limited as at March 31, 2012, March 31, 2011 and April 1, 2010 and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 to the financial statements which indicates that the Company has incurred ongoing operating losses and negative cash flows from operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

Winnipeg, Manitoba

July 13, 2012

MNP LLP

Chartered Accountants

Gossan Resources Limited
STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at	March 31, 2012	March 31, 2011 (Note 17)	April 1, 2010 (Note 17)
ASSETS			
Current Assets			
Cash	**$ 1,379,865**	$ 412,548	$ 496,639
Restricted cash (Note 15)	**200,000**	-	-
Short term investments	**20,004**	27,408	20,004
Accounts receivable	**33,183**	382,575	13,944
Prepaid expenses	**23,329**	18,234	32,765
	1,656,381	840,765	563,352
Non-Current			
Investment in the Claims Network Inc.	-	-	363,862
Equipment (Note 6)	**4,475**	29,706	8,523
	4,475	29,706	372,385
	$ 1,660,856	$ 870,471	$ 935,737
LIABILITIES			
Current			
Accounts payable and accrued liabilities	**$ 135,184**	$ 247,683	$ 66,064
Due to related parties (Note 13)	**209,907**	105,873	105,999
	345,091	353,556	172,063
Deferred income tax liability	**-**	1,787	-
Deferred income (Note 5)	**-**	300,000	200,000
Minority interest	**-**	181,231	-
	345,091	836,574	372,063

Nature of Operations and Going Concern (Note 1)
Commitment (Note 14)
Subsequent Events (Note 18)

	March 31, 2012	March 31, 2011 (Note 17)	April 1, 2010 (Note 17)
SHAREHOLDERS' EQUITY			
Share capital (Note 7)	**11,844,894**	11,340,594	11,322,864
Warrants (Note 7)	**120,071**	-	-
Contributed surplus (Note 10)	**1,334,110**	1,267,490	1,227,560
Deficit	**(11,983,310)**	(12,574,187)	(11,986,750)
	1,315,765	33,897	563,674
	$ 1,660,856	$ 870,471	$ 935,737

See accompanying notes to these financial statements.

Approved on Behalf of the Board:

"Douglas Reeson"
Director

"Andrew Thomson"
Director

Gossan Resources Limited

STATEMENTS OF EARNINGS (LOSS) AND COMPREHENSIVE EARNINGS (LOSS)
(Expressed in Canadian Dollars)

For the years ended March 31,		2012		2011 (Note 17)
Expenses				
Exploration and evaluation expenditures (Note 5)	$	245,994	$	178,813
General and administrative (Note 12)		608,429		572,158
Loss before the following		(854,423)		(750,971)
Recovery/gain on Bird River Joint Venture (Note 5)		350,000		49,427
Gain on sale of interest in TCN (Note 15)		873,836		-
Net earnings (loss) from continuing operations		369,413		(701,544)
Net earnings from discontinued operations (Note 15)		221,464		114,107
Net earnings (loss) and comprehensive earnings (loss) for the year	$	590,877	$	(587,437)
Basic and diluted net earnings (loss) and comprehensive earnings (loss) per share (Note 11)	$	0.02	$	(0.02)
Basic and diluted net earnings (loss) per share				
- Continuing operations (Note 11)	$	0.01	$	(0.02)
- Discontinued operations (Note 11)	$	0.01	$	0.00
Weighted average number of common shares outstanding		30,510,789		29,118,638

See accompanying notes to these financial statements.

Gossan Resources Limited

STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended March 31,	2012	2011
Cash (used in) provided by:		
Operating Activities		
Net earnings (loss)	**$ 590,877**	$ (587,437)
Adjustment for:		
Depreciation	**6,565**	4,560
Minority interest in net earnings (loss)	**107,816**	18,932
Deferred Income tax expense	**-**	1,787
Shares issued for exploration and evaluation expenses	**7,500**	-
Recovery/gain on Bird River Joint Venture (Note 5)	**(350,000)**	-
Gain on sale of interest in TCN (Note 15)	**(873,836)**	-
Share of TCN profit	**-**	(77,357)
Stock-based compensation	**72,530**	44,160
Accrued interest	**-**	(2)
Non-cash working capital items:		
Accounts receivable	**(161,335)**	123,870
Prepaid expenses	**(10,814)**	19,181
Accounts payable and accrued liabilities	**(11,163)**	7,995
Due to related parties	**104,034**	(126)
	(517,826)	(444,437)
Investing Activities		
Acquisition of TCN, net of cash assumed	**-**	403,691
Cash dividend paid to TCN minority shareholders	**(58,369)**	(155,651)
Acquisition of furniture and equipment	**(3,302)**	(1,194)
Deferred income received	**50,000**	100,000
Cash proceeds on sale of interest in TCN	**1,510,000**	-
Cash costs on sale of interest in TCN	**(186,545)**	-
Change in restricted cash	**(200,000)**	-
Cash surrendered on sale of interest in TCN	**(237,602)**	-
	874,182	346,846
Financing Activities		
Issuance of share capital - net of costs of issue	**610,961**	13,500
Net change in cash from continuing operations	**967,317**	(84,091)
Cash, beginning of year	**412,548**	496,639
Cash, end of year	**$ 1,379,865**	$ 412,548

See accompanying notes to these financial statements.

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

	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance, April 1, 2010	**$ 11,322,864**	**$ -**	**$ 1,227,560**	**$ (11,986,750)**	**$ 563,674**
Exercise of stock options - cash	13,500	-	-	-	13,500
Exercise of stock options - Black-Scholes valuation	4,230	-	(4,230)	-	-
Fair value of stock options granted	-	-	44,160	-	44,160
Net loss and comprehensive loss for the year	-	-	-	(587,437)	(587,437)
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	-	-	-
Shares issued for exploration and evaluation expenditures	7,500	-	-	-	7,500
Net earnings and comprehensive earning for the year	-	-	-	590,877	590,877
Balance, March 31, 2012	**$ 11,844,894**	**$ 120,071**	**$ 1,334,110**	**$ (11,983,310)**	**$ 1,315,765**

See accompanying notes to these financial statements.

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 evaluation 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 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, all of which are uncertain. 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.

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. Gossan 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 $1,311,290 at March 31, 2012 (March 31, 2011 - of $487,209, April 1, 2010 - of $391,289). At March 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 have considerable scope for flexibility in terms of the amount and timing of expenditure, which 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).

2. Significant Accounting Policies

(a) Statement of Compliance

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

Subject to certain transition elections and exceptions noted in note 18, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at April 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 18 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's financial statements for the year ended March 31, 2011 prepared under Canadian GAAP.

The financial statements were approved by the Board of Directors on July 13, 2012.

2. Significant Accounting Policies (Continued)

(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. Of particular significance are the estimates and assumptions used in the recognition and measurement of items included in note 2(r).

(c) Revenue Recognition

Revenue is recognized when the underlying services have been performed and there is a reasonable expectation of collection. The Company recognizes interest income on its cash and cash equivalents on an accrual basis at the stated rates over the term to maturity. Revenue from investments is recognized when it is sold and it is deemed collectible.

(d) Short Term Investments

Short term investments are comprised of guaranteed investment certificates and term deposits with initial terms to maturity of over ninety days but less than one year.

(e) Financial Assets

The Company's financial instruments consist of the following financial assets and liabilities, classified as follows:

Cash and restricted cash	Fair value through profit and loss ("FVTPL")
Short term investments	Fair value through profit and loss ("FVTPL")
Investment in The Claims Network Inc.	Available-for-sale ("AFS")
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities

Fair Value Through Profit and Loss

Financial assets are classified as FVTPL when acquired principally for the purpose of trading, if so designated by management (fair value option), or if they are derivative assets that are not part of an effective and designated hedging relationship. Financial assets classified as FVTPL are measured at fair value, with changes recognized in the statements of earnings (loss).

The Company does not currently hold any derivative instruments or apply hedge accounting.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

2. Significant Accounting Policies (Continued)

(e) Financial Assets (Continued)

Available-for-sale Financial Assets

Available-for-sale ("AFS") financial assets are non-derivative financial assets that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity. AFS assets include investments in listed equity of other entities. AFS financial assets that are not quoted in an active market are carried at cost.

Management assesses the carrying value of AFS financial assets at least annually and any impairment charges are recognized in profit or loss. When financial assets classified as available-for-sale are sold, the accumulated fair value adjustments recognized in other comprehensive income are included in earnings (loss).

Other Financial Liabilities

Other financial liabilities are recognized initially at fair value net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest and any transaction costs over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability or (where appropriate) to the net carrying amount on initial recognition.

Other financial liabilities are de-recognized when the obligations are discharged, cancelled or expired.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- the likelihood that the borrower will enter bankruptcy or financial re-organization.

The carrying amount of financial assets is reduced by any impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

2. Significant Accounting Policies (Continued)

(f) Financial Instruments Recorded at Fair Value

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As of March 31, 2012, March 31, 2011 and April 1, 2010, the fair values of cash and restricted cash, short-term investments, accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying value due to their short term nature.. The investment in The Claims Network Inc. is not quoted in an active market and is carried at cost.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. In the case of exploration and evaluation assets, impairment reviews are carried out on a property-by-property basis, with each capitalized property representing a potential cash-generating unit. As at March 31, 2012, all exploration and evaluation costs have been expensed as incurred and no amounts have been capitalized.

Fair Value Hierarchy and Liquidity Risk Disclosure

The following summarizes the methods and assumptions used in estimating the fair value of the Company's financial instruments where measurement is required. The fair value of cash and short term financial instruments approximates their carrying amounts due to the relatively short period to maturity. Fair value amounts represent point-in-time estimates and may not reflect fair value in the future. The measurements are subjective in nature, involve uncertainties and are a matter of significant judgment. The methods and assumptions used to develop fair value measurements, for those financial instruments where fair value is recognized in the balance sheet, have been prioritized into three levels as per the fair value hierarchy.

Level one includes quoted prices (unadjusted) in active markets for identical assets or liabilities. Level two includes inputs that are observable other than quoted prices included in level one. Level three includes inputs that are not based on observable market data.

	Level 1	Level 2	Level 3
Cash	$ 1,379,865	$ -	$ -
Restricted cash	$ 200,000	$ -	$ -
Short term investments	$ 20,004	$ -	$ -

2. Significant Accounting Policies (Continued)

(g) Exploration and Evaluation Expenditures

The Company expenses exploration and evaluation expenditures as incurred. Exploration and evaluation expenditures include acquisition costs of mineral properties, property option payments and evaluation activity.

Once a project has been established as commercially viable and technically feasible, related development expenditures are capitalized. This includes costs incurred in preparing the site for mining operations. Capitalization ceases when the mine is capable of commercial production, with the exception of development costs that give rise to a future benefit.

(h) Flow-through Shares

Flow-through shares are a unique Canadian tax incentive. Under IAS 8, the Company may apply judgment on accounting policies in the absence of specific guidance within IFRS. Therefore, the Company has adopted a policy whereby flow-through proceeds are allocated between the offering of the common shares and the sale of tax benefits when the common shares are offered. The allocation is made based on the difference between the quoted price of the common shares and the amount the investor pays for the flow-through shares. A deferred tax liability is recognized for the premium paid (if any) by the investors and is then recognized as a deferred income tax recovery in the period of renunciation if the Company has sufficient unrealized tax losses and deductions.

(i) Joint Ventures

A joint venture can take the form of a jointly controlled entity, jointly controlled operation or jointly controlled asset. All joint ventures involve a contractual arrangement that establishes joint control. A jointly controlled entity is an entity in which the Company shares joint control over the strategic, financial and operating decisions with one or more venturers through the establishment of a corporation, partnership or other entity. A jointly controlled operation involves the use of the assets and resources of the venturers rather than the establishment of a corporation, partnership or other entity. The operation incurs its own expenses and liabilities and raises its own finances. A jointly controlled asset involves joint control of one or more of the assets acquired or contributed for the purpose of the joint venture. Each venturer takes on a share of the output from the assets and bears an agreed share of the expenses.

These financial statements reflect only the Company’s proportionate interest in the Pipestone property. The Company’s proportionate share of the assets, liabilities, revenues, expenses, and cash flows of the properties are included in the financial statements. Where the Company transacts with the properties, it eliminates unrealized profits and losses to the extent of its own interest.

(j) Cash

Cash includes cash on hand, and on deposit with a Chartered bank in Canada.

(k) Equipment

Furniture and equipment are stated at cost less accumulated depreciation. Depreciation is recorded on the declining balance basis at rates designed to depreciate the cost of the furniture and equipment over their estimated useful lives, based on the following annual rates:

Computer equipment	30%
Computer software	100%
Field equipment	20%
Furniture and fixtures	20%

2. Significant Accounting Policies (Continued)

(l) Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

The Company had no material provisions for the year ended March 31, 2012.

(m) Restoration, Rehabilitation and Environmental Obligations

A legal or constructive obligation to incur restoration, rehabilitation and environmental costs may arise when environmental disturbance is caused by the exploration, development or ongoing production of a mineral property interest. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalized at the start of each project to the carrying amount of the asset, as soon as the obligation to incur such costs arises. Discount rates using a pretax rate that reflects the time value of money are used to calculate the net present value. These costs are charged against profit or loss over the economic life of the related asset, through amortization using either a unit-of-production or the straight-line method as appropriate. The related liability is adjusted for each period for the unwinding of the discount rate and for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation. Costs for restoration of subsequent site damage that is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

The Company has no material restoration, rehabilitation and environmental costs as the disturbance to date is minimal.

(n) Share-based Payment Transactions

The fair value of equity-settled share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company.

The fair value is measured at grant date and recognized over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

2. Significant Accounting Policies (Continued)

(o) Income Taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that excess.

(p) Earnings (Loss) Per Share

The Company presents basic and diluted loss per share data for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by 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 year ended.

(q) Government Assistance

The Company periodically applies for financial assistance under available government incentive programs. All government assistance received is reflected as a reduction to the related asset category.

(r) Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Significant Accounting Policies (Continued)

(r) Significant Accounting Judgments and Estimates (Continued)

Critical Accounting Estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the recoverability of amounts receivable that are included in the statements of financial position;
- the inputs used in accounting for share-based payment transactions in earnings (loss) in prior periods;
- no material restoration, rehabilitation and environmental cost, based on the facts and circumstances that existed during the period; and
- management's position that there is no income tax considerations required within these financial statements.

Critical Accounting Judgments

The categorization of financial assets and liabilities requires management to make judgments and assessments.

(s) Future Accounting Changes

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after March 31, 2012 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded from the table below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IAS 1 – Presentation of financial statements ("IAS 1") was amended by the IASB in June 2011 in order to align the presentation of items in other comprehensive income with US GAAP standards. Items in other comprehensive income will be required to be presented in two categories: items that will be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012.

(ii) IFRS 9 – Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013. IASB has proposed to move the effective date of IFRS 9 to January 1, 2015.

(iii) IFRS 10 – Consolidated financial statements ("IFRS 10") was issued by the IASB in May 2011. IFRS 10 is a new standard which identifies the concept of control as the determining factor in assessing whether an entity should be included in the consolidated financial statements of the parent company. Control is comprised of three elements: power over an investee; exposure to variable returns from an investee; and the ability to use power to affect the reporting entity's returns. IFRS 10 is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

2. Significant Accounting Policies (Continued)

(s) Future Accounting Changes (Continued)

(iv) IFRS 11 – Joint arrangements ("IFRS 11") was issued by the IASB in May 2011. IFRS 11 is a new standard which focuses on classifying joint arrangements by their rights and obligations rather than their legal form. Entities are classified into two groups: parties having rights to the assets and obligations for the liabilities of an arrangement, and rights to the net assets of an arrangement. Entities in the former case account for assets, liabilities, revenues and expenses in accordance with the arrangement, whereas entities in the latter case account for the arrangement using the equity method. IFRS 11 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) IFRS 12 – Disclosure of interests in other entities ("IFRS 12") was issued by the IASB in May 2011. IFRS 12 is a new standard which provides disclosure requirements for entities reporting interests in other entities, including joint arrangements, special purpose vehicles, and off balance sheet vehicles. IFRS 12 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) IFRS 13 – Fair value measurement ("IFRS 13") was issued by the IASB in May 2011. IFRS 13 is a new standard which provides a precise definition of fair value and a single source of fair value measurement considerations for use across IFRSs. The key points of IFRS 13 are as follows:

- fair value is measured using the price in a principal market for the asset or liability, or in the absence of a principal market, the most advantageous market;
- financial assets and liabilities with offsetting positions in market risks or counterparty credit risks can be measured on the basis of an entity's net risk exposure;
- disclosures regarding the fair value hierarchy has been moved from IFRS 7 to IFRS 13, and further guidance has been added to the determination of classes of assets and liabilities;
- a quantitative sensitivity analysis must be provided for financial instruments measured at fair value;
- a narrative must be provided discussing the sensitivity of fair value measurements categorised under Level 3 of the fair value hierarchy to significant unobservable inputs;
- and information must be provided on an entity's valuation processes for fair value measurements categorized under Level 3 of the fair value hierarchy.

IFRS 13 is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(t) Presentation and Functional Currency

The Company's presentation currency is in Canadian ("CDN") dollar and the functional currency of its operations is the CDN dollar as it was assessed by management that the CDN dollar is the currency of the primary economic environment in which the Company operates.

(u) Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

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, warrant, contributed surplus, and deficit, which at March 31, 2012, totalled $1,315,765 (March 31, 2011 - a surplus of $33,897 and April 1, 2010 - surplus of $563,674)

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 year ended March 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.

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 March 31, 2012.

4. Mineral Property and Financial Risk Factors (Continued)

b) Financial Risk (Continued)

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 March 31, 2012, the Company had cash from continuing and discontinued operations of $1,379,865 (March 31, 2011 - $412,548 and April 1, 2010 - $496,639) to settle current liabilities of $345,091 (March 31, 2011 - $353,556 and April 1, 2010 - $172,063). 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.

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 one year 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 March 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, 2011	Current Expenditures	Historical Expenditures, March 31, 2012
Pipestone (i)	$ 1,729,126	$ 68,885	$ 1,798,011
Bird River (ii)	$ 877,579	$ 637	$ 878,216
Inwood (iii)	$ 785,102	$ 136,382	$ 921,484
Separation Rapids	$ 192,176	$ -	$ 192,176
Manigotagan Silica	$ 747,911	$ 21,786	$ 769,697
Sharpe Lake	$ 480,469	$ 177	$ 480,646
Other	$ 2	$ -	$ 2
Vermillion (iv)	$ -	$ 18,127	$ -
	$ 4,812,365	**$ 245,994**	**$ 5,040,232**

5. Exploration and Evaluation Expenditures (Continued)

	Historical Expenditures, March 31, 2010	Current Grants and Expenditures	Historical Expenditures, March 31, 2011
Pipestone	$ 1,689,971	$ 39,155	$ 1,729,126
Bird River	811,213	66,366	877,579
Inwood	746,336	38,766	785,102
Separation Rapids	192,176	-	192,176
Manigotagan Silica	719,228	28,683	747,911
Sharpe Lake	474,626	5,843	480,469
Other	2	-	2
	$ 4,633,552	**$ 178,813**	**$ 4,812,365**

During the year ended March 31, 2012, the Company incurred $ 245,994 (2011 - $ 178,813) of exploration expenditures and also recognized the release of $350,000 in deferred revenue pertaining to the Bird River project which has been shown as a recovery/gain on Bird River Joint Venture on the Company's statements of earnings (loss) and comprehensive earnings (loss).

(i) The Pipestone project is a 50% joint venture with Cross Lake Mineral Explorations Inc.

(ii) The Bird River project is wholly-owned by the Company. Prior to March 24, 2012, the project was held pursuant to a joint venture agreement with Stillwater Mining Company ("Stillwater") who acquired the interest from Marathon PGM Corporation.

As a result of the formation and the subsequent activity of the joint venture, the Company recorded gains in the amount of $49,427 in 2011 and $520,742 in prior years.

Under the terms of the termination of the agreement, Stillwater released all claim to the $350,000 advance royalty payments previously made to Gossan, which have been reclassified from deferred revenue on the Company's balance sheet to recovery/(gain) on Bird River Joint Venture on the Company's statement of earnings (loss) and comprehensive earnings (loss).

(iii) On March 15, 2007, the Company entered into a licensing arrangement for a new magnesium production process ("the Zuliani Process"), including an option to secure exclusive worldwide rights to the Zuliani Process. A component of the consideration is the conditional payment of up to 150,000 common shares related to specific measurable events. On November 12, 2007, 100,000 common shares were issued with an assigned fair value of $21,000 related to the completion of Phase I of the arrangement. In fiscal 2009, an industrial research grant was received from the Government of Manitoba in the amount of $14,000 for work undertaken on the Zuliani Process.

On February 7, 2012, the Company issued 50,000 common shares, ascribed a fair value of $7,500, related to the completion of Phase 2 of the licensing agreement for the Zuliani Process. This amount has been charged to exploration and evaluation expenditures on the Company's statement of earnings (loss) and comprehensive earnings (loss).

(iv) The Company abandoned the Vermillion property after incurring $18,127 of expenditures evaluating the property, all during fiscal 2012.

6. Equipment

COST

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
Balance, April 1, 2010	$ 19,599	$ 7,435	$ 1,155	$ 5,327	$ 33,516
Assets acquired upon control of TCN	$ 27,079	$ 14,328	$ 1,155	$ 26,165	$ 68,727
Balance, March 31, 2011	$ 46,678	$ 21,763	$ 1,155	$ 31,492	$ 101,088
Effect of sale of interest in TCN	$ (27,079)	$ (14,328)	$ -	$ (26,165)	$ (67,572)
Balance, March 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, April 1, 2010	$ 13,060	$ 7,435	$ 893	$ 3,605	$ 24,993
Depreciation for the period	$ 1,963	$ -	$ 52	$ 344	$ 2,359
Acquired on control of TCN	$ 19,929	$ 10,108	$ -	$ 13,993	$ 44,030
Balance, March 31, 2011	$ 34,952	$ 17,543	$ 945	$ 17,942	$ 71,382
Depreciation for the period	$ 1,372	$ -	$ 42	$ 275	$ 1,689
Effect of sale of interest in TCN	$ (19,929)	$ (10,108)	$ -	$ (13,993)	$ (44,030)
Balance, March 31, 2012	**$ 16,395**	**$ 7,435**	**$ 987**	**$ 4,224**	**$ 29,041**

CARRYING AMOUNTS

	Computer Equipment	Computer Software	Field Equipment	Furniture and Fixtures	Total
At April 1, 2010	$ 6,539	$ -	$ 262	$ 1,722	$ 8,523
At March 31, 2011	$ 11,726	$ 4,220	$ 210	$ 13,550	$ 29,706
At March 31, 2012	**$ 3,204**	**$ -**	**$ 168**	**$ 1,103**	**$ 4,475**

7. Share Capital

a) Authorized share capital

At March 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 March 31, 2012, the issued share capital amounted to $11,844,894. The change in issued share capital for the periods was as follows:

	Number of Common Shares	Amount
Balance, April 1, 2010	29,117,900	$ 11,322,864
Exercise of options - cash	90,000	13,500
Exercise of options - Black-Scholes valuation	-	4,230
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
Shares issued for exploration and evaluation expenditures (Note 5)	50,000	7,500
Balance, March 31, 2012	**33,140,400**	**$ 11,844,894**

(i) On February 7, 2012, the Company issued 50,000 common shares, ascribed a fair value of $7,500, pertaining to the Company's Inwood property. This amount has been charged to exploration and evaluation expenditures on the Company's statement of earnings (loss) and comprehensive earnings (loss).

(ii) On November 22, 2011 and December 29, 2011, the Company closed two tranches of a private placement of 3,772,500 Units, totaling $603,600 in aggregate. 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 are subject to a regulatory hold period of four months and one day, and the common shares forming a component of the Unit are also subject to a voluntary hold period for a further 8 months, or one year in total.

The 3,772,500 warrants issued in connection with this private placement were assigned a fair value of $120,071, based on the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 1.0% and an expected average life of 1.7 years.

8. Warrants

The following table reflects the continuity of warrants for the years ended March 31, 2012 and 2011:

	Number of Warrants	Weighted Average Exercise Price ($)
Balance, April 1, 2010 and March 31, 2011	-	-
Granted (Note 7(b))	3,772,500	0.24
Balance, March 31, 2012	**3,772,500**	**0.24**

As as March 31, 2012, the following warrants were outstanding:

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

9. Stock Options

The following table reflects the continuity of stock options for the years ended March 31, 2012 and 2011:

	Number of Stock Options	Weighted Average Exercise Price ($)
Balance, April 1, 2010	2,460,000	0.30
Granted	640,000	0.15
Exercised	(90,000)	0.15
Expired	(370,000)	0.41
Cancelled	(730,000)	0.34
Balance, March 31, 2011	1,910,000	0.24
Granted (i)(ii)(v)(vi)	990,000	0.17
Exercised	(110,000)	0.15
Expired	(1,010,000)	0.31
Balance, March 31, 2012	**1,780,000**	**0.17**

(i) On June 24, 2011, the Company granted 690,000 incentive stock options to officers, directors and consultants of the Company. The options are exercisable at $0.17 per share, expire on March 26, 2015, and vest immediately upon grant. The resulting fair value of $58,650 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 2.0% and an expected average life of 2.6 years.

(ii) On June 24, 2011, the Company granted 150,000 incentive stock options to an officer of the Company. The options are exercisable at $0.17 per share, expire on March 26, 2016, and vest immediately upon grant. The resulting fair value of $13,500 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 2.0% and an expected average life of 3.0 years.

9. Stock Options (Continued)

(iii) On May 26, 2011, the Company amended the contractual life of 50,000 options, exercisable at $0.20 per share, previously granted to a director. The option lives were reduced to May 26, 2012. The incremental fair value of the option modification was determined to be $1,750 and recorded as reduction of share-based payments in the period of modification. The resulting fair value was estimated using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 3.0% and an expected life of 0.6 years.

(iv) On May 26, 2011, the Company amended the contractual life of 110,000 options, exercisable at $0.15 per share, previously granted to a director. The option lives were reduced to May 26, 2012. The incremental fair value of the option modification was determined to be $7,920 and recorded as a reduction of share-based payments in the period of modification. The resulting fair value was estimated using the Black-Scholes pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 85%; a risk-free interest rate of 2.0% and an expected life of 1.0 years.

(v) On October 26, 2011, the Company granted 70,000 incentive stock options to a director of the Company. The options are exercisable at $0.16 per share, expire on March 25, 2014, and vest immediately upon grant. The resulting fair value of $4,130 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 1.0% and an expected average life of 1.8 years.

(vi) On October 26, 2011, the Company granted 80,000 incentive stock options to a director of the Company. The options are exercisable at $0.16 per share, expire on March 25, 2016, and vest immediately upon grant. The resulting fair value of $5,920 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 2.8 years.

(vii) On August 13, 2010, the Company granted 640,000 incentive stock options to officers, directors and consultants. The options are exercisable at $0.15 per share, expire on March 28, 2014, and vest immediately upon grant. The resulting fair value of $44,160 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 2.00% and an expected average life of 2.5 years.

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

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

Expiry Date	Exercise Price ($)	Weighted Average Remaining Contractual Life (years)	Number of Options Outstanding
May 26, 2012	0.20	0.15	50,000
May 26, 2012	0.15	0.15	90,000
March 28, 2013	0.20	0.99	190,000
March 25, 2014	0.16	1.98	70,000
March 28, 2014	0.15	1.98	460,000
March 26, 2015	0.17	2.99	690,000
March 25, 2016	0.16	3.99	80,000
March 26, 2016	0.17	3.99	150,000
	0.17	2.38	1,780,000

10. Contributed Surplus

Balance - April 1, 2010	$	1,227,560
Fair value of stock options granted		44,160
Fair value of stock options exercised		(4,230)
Balance - March 31, 2011		1,267,490
Fair value of stock options granted		72,530
Fair value of stock options exercised		(5,910)
Balance - March 31, 2012	**$**	**1,334,110**

11. Net Earnings (Loss) per Common Share

Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings (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 year ended.

12. General and Administrative

		2012		2011
Administrative fees	**$**	**36,490**	$	32,561
Management fees		**114,000**		104,750
Consulting		**20,350**		37,631
Office and general		**67,751**		63,376
Public company costs		**201,495**		191,309
Investor relations		**74,371**		67,514
Travel and related		**19,753**		16,065
Property evaluation costs		**-**		12,433
Stock-based compensation		**72,530**		44,160
Depreciation		**1,689**		2,359
	$	**608,429**	$	572,158

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.

Gossan entered into the following transactions with related parties:

For the years ended March 31,			2012		2011
CEO fees	(i)	**$**	**107,000**	$	72,000
Consulting fees paid to Directors	(ii)	**$**	**29,460**	$	25,556
Marrelli CFO Outsource Syndicate Inc. ("Marrelli")	(iii)	**$**	**12,000**	$	12,000
Directors fees	(iv)	**$**	**39,000**	$	47,250
Marrelli Support Services ("MSSI")	(v)	**$**	**36,489**	$	32,540
Management fees paid to a former officer			**-**		20,000

(i) Chief Executive Officer fees for the period.
(ii) Directors of Gossan. Fees relate to consulting services provided.
(iii) The Chief Financial Officer ("CFO") of Gossan is the president of Marrelli. Fees related to the CFO function performed.
(iv) During fiscal 2012, fees were paid/accrued to Directors in the amount of $39,000 (2011 – $47,250) for directors' fees, including committee fees and other board activities. In the current year, 25% (2011 - 30%) of the fees paid to directors were retained by the Company for acquisition of the Company's common shares on the directors' behalf. As at March 31, 2012, $39,000 (2011 - $98,850) was owed in regard to directors' fees.
(v) The CFO of Gossan is the president of MSSI. Fees related to accounting services provided by MSSI.

In addition to amounts noted above, amounts due to related parties total $209,907 (March 31, 2011 - $105,873, April 1 , 2010 - $105,999) are unsecured, non-interest bearing and have no fixed terms of repayment. During the year ended March 31, 2012, a Director of the Company advanced $135,000 to the Company and was repaid $135,000 by the Company (year ended March 31, 2011 - $100,000 advanced and repaid) 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).

Share based remuneration to Directors and key management personnel of the Company was as follows:

For the years ended March 31,		2012		2011
Share-based payments	**$**	**59,250**	$	44,160

14. Contingencies and Commitments

By agreement dated June 14, 2007, the Company is committed under an operating lease for its office premises with the lease payments totalling $6,424 to the expiration of the lease on September 30, 2012.

15. Discontinued Operations

On March 6, 2012, the Company closed the sale of its Equity interest in The Claims Nework ("TCN") for a sale price of $1,510,000, resulting in a net gain on disposition of $873,836. Costs associated with this transaction amounted to $186,545. Of the $1,510,000 gross proceeds, a restricted cash escrow of $200,000 was established pertaining to specific contingencies.

Prior to the sale, Gossan held a 66.34% controlling equity interest in TCN, a service provider to the property and casualty insurance industry. TCN is a web-based enterprise engaged in providing the insurance industry with contents loss valuations, on-site claims reporting of losses, and content claims software.

Previously, on October 31, 2010, the Company increased its holding in TCN from 46.71% to 66.34% by means of a secondary acquisition of addtitional common shares in the privately held company for cash consideration of $172,484.

On October 4, 2011, TCN paid a dividend of $115,031 to Gossan, as allowed under the terms of a previous offer dated September 23, 2011.

The following tables set forth the balance sheets, statements of income and cash flows associated with assets classified as discontinued operations as at March 31, 2012.

Statements of Financial Position

As at March 31,	**2012**	2011
ASSETS		
Current assets		
Cash	$ -	$ 344,946
Short term investments	-	7,405
Accounts receivable	-	307,799
Prepaid expenses	-	5,109
	-	665,259
Equipment	-	23,542
TOTAL ASSETS	$ -	$ 688,801
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ -	$ 158,587
Deferred income tax liability	-	1,787
Minority interest	-	181,231
TOTAL LIABILITIES	$ -	$ 341,605

15. Discontinued Operations (Continued)

Statements of Income

For the years ended March 31,	2012[i]	2011
Revenue from Operations		
Assessment revenue	$ 2,252,831	$ 783,918
Direct expenses	(1,537,112)	(587,544)
Gross Margin	715,719	196,374
Expenses		
General and administrative	245,227	114,714
Operating loss before the following items	470,492	81,660
Share of TCN profit	-	77,357
Minority interest in net income	(107,816)	(18,932)
Net earnings before income taxes	362,676	140,085
Income taxes	(141,212)	(25,978)
Net earnings after taxes for the year	$ 221,464	$ 114,107

Statements of Cash Flows

For the years ended March 31,	2012[i]	2011
Operating Activities		
Net earnings	$ 221,464	$ 114,107
Adjustment for:		
Depreciation	4,876	2,200
Minority interest in net income	107,816	18,932
Bad debt expense	-	3,793
Share of TCN profit	-	(77,357)
Non-cash working capital items:		
Accounts receivable	(206,928)	183,704
Prepaid expenses	(610)	3,541
Accounts payable and accrued liabilities	(57,253)	(16,554)
	69,365	232,366
Investing Activities		
Acqusition of furniture and equipment	(3,302)	(1,192)
Cash dividend paid	(173,400)	(462,400)
Acquisition of short-term investments	(7)	(3)
Cash surrendered on sale of TCN	(237,602)	-
	(414,311)	(463,595)
Net change in cash	(344,946)	(231,229)
Cash, beginning of year	344,946	576,175
Cash, end of year	$ -	$ 344,946

[i] Amounts reflect activity for the period from April 1, 2011 to March 6, 2012, the effective date of dispositon of TCN.

16. Income Taxes

The following table reconciles the expected income tax recovery at the statutory income tax rate to the amounts recognized as tax expense in discontinued operations.

	2012	2011
Earnings (loss) before income taxes and minority interest	**$ 839,905**	$ (542,527)
Expected income tax expense (recovery) at statutory rate of 28.12% (2011 - 29.62%)	**236,223**	(160,723)
Permanent difference due to stock-based compensation	**20,399**	13,082
Permanent difference due to capital gains	**(146,997)**	-
Change in prior year estimates	**5,455**	4,536
Tax benefits not recognized	**26,132**	169,083
Actual income taxes	**$ 141,212**	$ 25,978

The following table reflects the deferred income tax assets (liabilities):

	2012	2011
Deferred income tax asset (liability)		
Non-capital loss carry-forwards for Canadian purposes	**$ 922,880**	$ 892,478
Excess of undepreciated capital cost over net book value of furniture and equipment	**8,550**	6,307
Share issue costs	**1,953**	8,573
Deferred revenue recognized for tax purposes	**-**	67,500
Excess of tax value of investment in TCN over book value	**-**	1,860
Excess of book value of Mineral Properties over tax value	**840,819**	778,451
	1,774,202	1,755,169
Less: tax benefit not recognized	**(1,774,202)**	(1,756,956)
	$ -	$ (1,787)

The tax benefit not recognized reflects the Company's estimate that the tax assets will likely not be realized and consequently they have not been recorded in these financial statements.

16. Income Taxes

As at March 31, 2012, the following amounts are available to be applied against future years' income for tax purposes.

No amounts have been recorded in the financial statements to recognize these potential benefits.

Canadian earned depletion base		$ 128,459
Canadian exploration expenditures		2,401,755
Foreign exploration and development expense		583,931
Share issue costs		7,234
Non-capital losses (expiring 2014 to 2032)	2014	390,923
	2015	383,862
	2026	491,126
	2027	511,190
	2028	625,853
	2030	443,986
	2031	458,534
	2032	19,327
		$ 6,446,180

17. Conversion to IFRS

(i) Overview

These are the Company's first annual financial statements prepared in accordance with accounting policies consistent with IFRS.

The accounting policies described in Note 2 have been selected to be consistent with IFRS as is expected to be effective or available for early adoption on March 31, 2012, the Company's first annual IFRS reporting date. These policies have been applied in the preparation of these financial statements, including all comparative information.

(ii) First-time Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1, which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires retrospective application of IFRS as effective at the end of its first annual IFRS reporting period. However, IFRS 1 also provides certain optional exemptions and mandatory exceptions to this retrospective treatment.

The Company has elected to apply the following optional exemptions in its preparation of an opening IFRS statement of financial position as at April 1, 2010, the Company's "Transition Date".

- To apply IFRS 2 Share-based Payments only to equity instruments that were issued after November 7, 2002 and had not vested by the Transition Date.
- To apply IFRS 3 Business Combinations prospectively from the Transition Date, therefore not restating business combinations that took place prior to the Transition Date.
- To apply the transition provisions of IFRIC 4 Determining whether an Arrangement Contains a Lease, therefore determining if arrangements existing at the Transition Date contain a lease based on the circumstances existing at that date.
- To apply IAS 23 Borrowing Costs prospectively from the transition date. IAS 23 requires the capitalization of borrowing costs directly attributable to the acquisition, production or construction of certain assets.

17. Conversion to IFRS (Continued)

(ii) First-time Adoption of IFRS (Continued)

IFRS 1 does not permit changes to estimates that have been made previously. Accordingly, estimates used in the preparation of the Company's opening IFRS statement of financial position as at the Transition Date are consistent with those that were made under Canadian GAAP.

The Company's Transition Date IFRS statement of financial position is included as comparative information in the statements of financial position in these financial statements.

(iii) Changes to Accounting Policies

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) Assets

IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of non-financial assets have been changed to reflect these differences. There is no impact on the financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions.

The Company's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the financial statements.

(c) Exploration and Evaluation

On transition to IFRS, the Company elected to expense acquisition costs as incurred as part of exploration and evaluation expenditures. Previously, the Company's Canadian GAAP policy was to capitalize acquisition costs, and exploration and evaluation expenditures.

17. Conversion to IFRS (Continued)

(c) Exploration and Evaluation (Continued)

Impact on Statements of Financial Position

	As at March 31, 2011	As at April 1, 2010
Adjustment to mineral resource properties	$ (4,812,365)	$ (4,633,552)
Adjustment to deficit	$ (4,812,365)	$ (4,633,552)

Impact on Statements of Loss and Comprehensive Loss

For the Year Ended March 31,	2011
Adjustment to exploration and evaluation expenditures	$ (178,813)

Impact on Statements of Cash Flows

For the Year Ended March 31,	2011
Adjustment to exploration and evaluation expenditures	$ (178,813)
Re-classification of gain on joint venture to exploration and evaluation expenditures	$ 49,427

(iv) Presentation

Certain amounts in the statements of financial position, statements of loss and comprehensive loss and statements of cash flows have been reclassified to conform to the presentation adopted under IFRS.

17. Conversion to IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP

The April 1, 2010 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	April 1, 2010		
	Canadian GAAP	**Effect of transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 496,639	$ -	**$ 496,639**
Short term investments	20,004	-	**20,004**
Accounts receivable	13,944	-	**13,944**
Prepaid costs	32,765	-	**32,765**
	563,352	-	**563,352**
Mineral properties (Note 17(iii)(c))	4,633,552	(4,633,552)	**-**
Investment in The Claims Network Inc.	363,862	-	**363,862**
Furniture and equipment	8,523	-	**8,523**
TOTAL ASSETS	$ 5,569,289	$ (4,633,552)	**$ 935,737**
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	$ 66,064	$ -	**$ 66,064**
Due to related parties	105,999	-	**105,999**
	172,063	-	**172,063**
Deferred income	200,000	-	**200,000**
TOTAL LIABILITIES	372,063	-	**372,063**
SHAREHOLDERS' EQUITY			
Share capital	11,322,864	-	**11,322,864**
Contributed surplus	1,227,560	-	**1,227,560**
Deficit (Note 17(iii)(c))	(7,353,198)	(4,633,552)	**(11,986,750)**
Total shareholders' equity	5,197,226	(4,633,552)	**563,674**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,569,289	$ (4,633,552)	**$ 935,737**

17. Conversion to IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The March 31, 2011 Canadian GAAP balance sheet has been reconciled to IFRS as follows:

	March 31, 2011		
	Canadian GAAP	**Effect of Transition to IFRS**	**IFRS**
ASSETS			
Current assets			
Cash	$ 412,548	$ -	**$ 412,548**
Short term investments	27,408	-	**27,408**
Accounts receivable	382,575	-	**382,575**
Prepaid expenses	18,234	-	**18,234**
	840,765	-	**840,765**
Mineral properties (Note 17(iii)(c))	4,812,365	(4,812,365)	**-**
Furniture and equipment	29,706	-	**29,706**
TOTAL ASSETS	$ 5,682,836	$ (4,812,365)	**$ 870,471**
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	$ 247,683	$ -	**$ 247,683**
Due to related parties	105,873	-	**105,873**
	353,556	-	**353,556**
Future income tax liability	1,787	-	**1,787**
Deferred income	300,000	-	**300,000**
Minority interest	181,231	-	**181,231**
TOTAL LIABILITIES	836,574	-	**836,574**
SHAREHOLDERS' EQUITY			
Share capital	11,340,594	-	**11,340,594**
Contributed surplus	1,267,490	-	**1,267,490**
Deficit (Note 17(iii)(c))	(7,761,822)	(4,812,365)	**(12,574,187)**
Total shareholders' equity	4,846,262	(4,812,365)	**33,897**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 5,682,836	$ (4,812,365)	**$ 870,471**

17. Conversion to IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of loss and comprehensive loss for the year ended March 31, 2011 has been reconciled to IFRS as follows:

	Year ended March 31, 2011		
	Canadian GAAP	**Effect of Transition to IFRS**	**IFRS**
Revenues			
Assessment revenue	$ 783,918	$ -	**$ 783,918**
Direct expenses	(587,544)	-	**(587,544)**
Gross margin	196,374	-	**196,374**
Expenses			
Exploration and evaluation expenditures (Note 17(iii)(c))	-	178,813	**178,813**
General and administrative	686,910	-	**686,910**
Operating loss before the following items	(490,536)	(178,813)	**(669,349)**
Interest income	38	-	**38**
Gain on joint venture (Note 17(iii)(c))	49,427	-	**49,427**
Share of TCN profit	77,357	-	**77,357**
Loss before income taxes	(363,714)	(178,813)	**(542,527)**
Income tax expense	(25,978)	-	**(25,978)**
Net loss before minority interest	(389,692)	(178,813)	**(568,505)**
Minority interest in net loss	(18,932)	-	**(18,932)**
Net loss and comprehensive loss	$ (408,624)	$ (178,813)	**$ (587,437)**
Basic and diluted net loss per share	$ (0.01)		**$ (0.02)**

17. Conversion to IFRS (Continued)

(v) Reconciliation between IFRS and Canadian GAAP (continued)

The Canadian GAAP statement of cash flows for the year ended March 31, 2011 has been reconciled to IFRS as follows:

	Year ended March 31, 2011		
	Canadian GAAP	**Effect of Transition to IFRS**	**IFRS**
Operating			
Net loss	$ (408,624)	$ (178,813) [1]	**$ (587,437)**
Adjustment for:			
Depreciation	4,560	-	**4,560**
Minority interest in net loss	18,932	-	**18,932**
Deferred income tax expense	1,787	-	**1,787**
Gain on joint venture (Note 17(iii)(c))	(49,427)	49,427	**-**
Share of TCN profit	(77,357)	-	**(77,357)**
Stock-based compensation	44,160	-	**44,160**
Accrued interest	(2)	-	**(2)**
Non-cash working capital items:			
Accounts receivable	123,870	-	**123,870**
Prepaid expenses	19,181	-	**19,181**
Accounts payable and accrued liabilities	7,995	-	**7,995**
Due to related parties	(126)	-	**(126)**
Net cash used in operating activities	(315,051)	(129,386)	**(444,437)**
Investing activities			
Acquisition of TCN, net of cash assumed	403,691	-	**403,691**
Cash dividend paid to TCN minority shareholders	(155,651)	-	**(155,651)**
Expenditures on mineral properties (Note 17(iii)(c))	(129,386)	129,386	**-**
Acquisition of furniture and equipment	(1,194)	-	**(1,194)**
Deferred income received	100,000	-	**100,000**
Net cash used in investing activities	217,460	129,386	**346,846**
Financing activity			
Issuance of share capital	13,500	-	**13,500**
Net cash provided by financing activities	13,500	-	**13,500**
Net change in cash	(84,091)	-	**(84,091)**
Cash, beginning of period	496,639	-	**496,639**
Cash, end of period	$ 412,548	$ -	**$ 412,548**

[1] Refer to Canadian GAAP statement of comprehensive loss for the year ended March 31, 2011 reconciled to IFRS in Note 17(v) above.

18. Subsequent Event

On April 13, 2012, the Company awarded 860,000 incentive stock options exercisable at $0.16 per common share to officers, directors and consultants of the Company. Four officers and directors were granted a total of 360,000 options and consultants were granted 500,000 options, including 200,000 options to a consultant engaged in investor relations that will be vested quarterly over the next year in accordance with Venture Exchange Policy. This grant of options was awarded after the close on April 13, 2012 and has expiry dates of September 21, 2015 to March 21, 2017.