



RESOURCES LIMITED

Management Discussion and Analysis
September 30, 2010

Gossan Resources Limited

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE UNAUDITED INTERIM PERIOD ENDING SEPTEMBER 30TH, 2010

This Management Discussion and Analysis ("MD&A") reviews the financial condition and results of operations of Gossan Resources Limited ("Gossan" or the "Company") for the unaudited interim period ending September 30, 2010. The MD&A was prepared as of November 26, 2010 and should be read in conjunction with the related interim financial statements, including the notes thereto, and the audited annual financial statements for the year ended March 31, 2010, including the notes thereto, and the related MD&A. These financial statements are filed on the SEDAR website www.sedar.com where additional disclosure relating to the Company can also be located.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. All amounts are denominated in Canadian dollars.

Overview

Gossan is a mineral exploration company listed on the TSX Venture Exchange as a Tier 2 company and trading under the stock symbol "GSS". Gossan also trades on the Frankfurt-Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435). The Company is primarily engaged in the business of exploration and development of mineral resources. Gossan has a well-diversified portfolio of properties hosting gold, platinum group and base metals, as well as the specialty and minor metals, tantalum, lithium, chromium, titanium and vanadium. The Company also has a large deposit of magnesium-rich dolomite, the world-wide rights to the Zuliani magnesium production process, and a silica frac sand deposit. None of Gossan's properties are currently in production. All of the properties are located in Manitoba and northwestern Ontario.

Results of Operations

The net loss and comprehensive loss for the three months ending September 30, 2010 was \$132,316 as compared to a net loss and comprehensive loss of \$114,459 for the three months ending September 30, 2009. The increase in the net loss and comprehensive loss of \$17,857 primarily reflects an increase in stock-based compensation of \$44,160; a decrease in net administrative expenses of \$36,421; a gain on the Bird River joint venture of \$20,102; and a \$30,217 reduction in the Company's share of profits from The Claims Network (TCN). The non-cash equity gain from The Claims Network was \$11,380 (2009 - \$41,597) reflecting lower revenues in the current year. The \$36,421 decrease in net administrative expenses primarily reflects: lower management fees of \$6,750; a reduction in public company costs of \$12,028; and lower travel costs of \$13,099. For additional information refer to the Supplemental Information section of this MD&A for detailed expense analysis.

The net loss and comprehensive loss for the six months ending September 30, 2010 was \$235,539 as compared to a net loss and comprehensive loss of \$172,450 for the six months ending September 30, 2009. The increase in the net loss and comprehensive loss of \$63,089 primarily reflects: an increase in stock-based compensation of 44,950; an increase in net administrative expenses of \$10,712; a gain on the Bird River joint venture of \$20,102; and a \$27,117 reduction in the Company's share of profits from TCN. The non-cash equity gain from The Claims Network was \$54,202 (2009 - \$81,319). The \$10,712 increase in net administrative expenses primarily reflects lower travel costs of \$9,388. For additional information refer to the Supplemental Information section of this MD&A for detailed expense analysis.

The net loss and comprehensive loss for the year ending March 31, 2010 was \$385,806 as compared to a net loss and comprehensive loss of \$11,680 for the year ending March 31, 2009. The increase in the loss of \$374,126 primarily reflects: an increase in net administrative expenses of \$31,291; a decrease in interest and other income of \$30,546 due to near-zero interest rates; a smaller gain on the Bird River Joint Venture which decreased to \$70,742 from \$450,000 in the prior year; and an increase of \$65,702 in the non-cash equity gain from The Claims Network. The increase in administrative expenses primarily reflects: an increase in Public company costs – Professional fees of \$67,505 due to greater legal, audit and one-time tax review fees as well as the initiation of market-making liquidity services; offset by lower costs in most other expense categories. The write down of mineral properties declined to \$2,099 compared to \$11,416 in the prior period. For additional information refer to the Supplemental Information section of this MD&A for detailed expense analysis.

The net loss and comprehensive loss for the year ending March 31, 2009 was \$11,680 as compared to \$795,150 for the year ending March 31, 2008. The decrease of \$783,470 reflects lower administrative expenses of \$314,951 and a gain on the formation of the Bird River Joint Venture of \$450,000. Office and general expenses declined by \$18,024 and consulting fees declined by \$26,444. Public company expenses declined by \$28,608 due to the payment of listing and other fees associated with a private placement in the prior period. Stock-based compensation was lower by \$240,983 in the current period. For additional information refer to the Supplemental Information section of this MD&A for detailed expense analysis.

The net loss and comprehensive loss for the year ending March 31, 2008 was \$795,150 as compared to \$798,133 for the year ending March 31, 2007. The decrease of \$2,983 primarily reflects an increase in administrative expenses of \$108,684, as well as, a non-cash increase in stock-based compensation of \$122,723 offset by a non-cash \$231,634 reduction in the write-down of mineral properties. Administrative expenses increased primarily due to: an increase of \$57,843 in consulting fees, primarily related to the examination of new potential properties; an increase of \$40,092 in public company expenses related to the private placement in the first quarter; and an increase in administrative fees of \$27,643 of which a major component was related to flow-through funds accounting. The non-cash share of The Claims Networks (TCN) net income was \$38,840 compared with \$49,135 the prior year when TCN had a one time gain on future income taxes. For additional information refer to the Supplemental Information section of this MD&A for detailed expense analysis.

Mineral Properties

Currently, Gossan's property portfolio consists of two components. The Sharpe Lake and Bird River Properties have significant exploration targets for precious metals. Gossan continues to look for a joint venture partner for the Sharpe Lake Property. On March 26, 2007 the Company entered into an option and joint venture agreement on the Bird River Property with Marathon PGM Corporation and a joint venture was triggered on August 25, 2008. Stillwater Mining Company is currently in the process of acquiring Marathon PGM. The second component of the property portfolio consists of specialty metal and industrial mineral properties. The primary focus amongst these properties is the Inwood Magnesium Project and the Manigotagan Silica Project with the Company progressing through a series of development programs which could lead to the completion of scoping or pre-feasibility studies. The Company is conducting an ongoing evaluation of the Zuliani Process for the production of magnesium metal from dolomite. Gossan is also assessing the market for frac sand proppant and considering the development of the Manigotagan Silica Sand Project. The continuing advancement of exploration and development at the Company's properties is dependent upon future financings.

Bird River Project

The Bird River Property which covers over 22 kilometres of the Bird River Sill Complex is comprised of the Western (Ward's - Coppermine) Extension and 4 separate blocks of the Sill – the National Ledin, the Chrome and its Extension, the Peterson and the Page Blocks, along with the Ore Fault Zone. This complex carries significant concentrations of palladium and platinum along with nickel, copper, zinc and chromite.

The Bird River Property is located about 40 km east of Lac Du Bonnet, Manitoba and, along the Sill, approximately 6 km west and northwest of Mustang Minerals' Maskwa Deposit.

On March 26, 2007 the Company entered into an option and joint venture agreement on the Bird River Property with Marathon PGM Corporation (Marathon). Under the terms of the agreement, Marathon earned an undivided 50% interest in the property by spending \$3 million on exploration and making cash payments of \$500,000 to the Company prior to April 30, 2011. Thereafter, Marathon could earn a further 15% interest by completing a bankable feasibility study and an additional 5% interest, to a total 70% interest, by arranging project financing.

On August 25, 2008, Marathon triggered the formation of a joint venture by making a final \$400,000 cash payment, of the \$500,000 required, to Gossan and having expended in excess of \$3 million on the Bird River Project. Marathon has expended \$3,823,551 on the Project which includes the acquisition of a 100% interest in the Ore Fault Property, which remains subject to a 1% net smelter return royalty. Marathon elected not to earn a 65% interest in the Project by committing to complete a bankable feasibility study. Upon Marathon expending \$3 million on the Project, both parties each had a double deemed joint venture interest of \$6 million for the purposes of calculating dilution. If Gossan fails to fully contribute to three successive work programs or is diluted to a ten percent equity interest in the Project, Gossan's interest will be reduced to a 3% net smelter return royalty. On each March 30th and September 30th from and after the date of the Option Exercise Notice to the date of Commencement of Commercial Production, Marathon is required to make advance net profits or advance NSR royalty payments to Gossan in the amount of \$50,000 as long as Marathon remains manager of the Project. For further information refer to NR-08-11 dated August 19, 2008.

During fiscal 2009, Gossan received two \$50,000 advance net profits or advance NSR royalty payments, due September 30th and March 31st, on the Bird River Project from Marathon. Two additional \$50,000 payments were received in the 2010 fiscal year. The initial \$50,000 payment for fiscal 2011 was received in September 2010. This \$250,000 non-refundable balance is recorded as a liability on the balance sheet as Deferred income.

On October 28, 2008, Gossan contributed \$27,069 to the \$823,551 of exploration expenditures incurred by Marathon beyond the \$3 million required to earn a 50% interest in the Property, in order to hold an even 47.0% interest in the Project. Gossan also funded \$122,168 of the joint venture's Summer-Fall-2008 exploration program to maintain its 47% interest in the Property. Gossan elected not to contribute to the Winter 2009 Drill Program. During the fiscal 2010 year, Gossan contributed \$70,540 to the Spring 2009 Drill Program; \$24,000 to the Fall 2009 Program; and \$18,056 to the Winter-Spring 2010 Program to hold an approximate 45% interest in the Project.

On August 19, 2008, Marathon advised that it had finalized the acquisition the Ore Fault Property from Bird River Mines Inc. by making a final cash payment of \$1,450,000. The Ore Fault Property is within the area of influence and is part of the Gossan-Marathon Joint Venture. The 446-hectare Ore Fault Property is located adjacent to the Page Block at the eastern end of Gossan's 8,781-hectare Bird River Property and immediately north of Mustang Minerals' Maskwa Property. Bird River Mines Inc. will retain a 1% net smelter return royalty in the Ore Fault Property. For further information refer to NR-08-11 dated August 19, 2008.

Mineralization at the Page Block has been historically known to occur along the base of the Bird River Sill. In light of a number of historical holes that intersected mineralization, Marathon's objective of drilling the Page block is to create sufficient drill intersection density to enable the calculation of an initial NI 43-101 compliant resource. In 2001, Manitoba Industry, Trade and Mines conducted a re-assaying program of core from the Page Block – drilled by Hudson Bay Mining and Smelting Co., Ltd. in 1954 - that identified a 4.6 metre section of drill core grading 1.43% nickel, 1.38% copper and 1.6gpt palladium. In 2005 and 2006, North American Palladium Ltd. drilled nine holes in this area which encountered significant sulphide mineralization. This program was highlighted by hole BR-05-02 that intersected

13.75 metres of 1.08% nickel; 0.50% copper; 0.27gpt platinum; and 0.73gpt palladium at a depth of 47.7 metres, as well as, hole BR-06-10 that intersected 8.7 metres of 0.92% nickel; 0.40% copper; 0.26gpt platinum; and 0.89gpt palladium at a depth of 77.9 metres. This mineralized zone is open along strike and at depth. Mineralization at the Page Block consists of disseminated, blebby and locally net textured sulphides (pyrrhotite, chalcopyrite +/- pyrite) along the base of the Bird River Sill and in underlying mafic and ultramafic volcanics.

During the summer and fall of 2007, Marathon undertook a detailed compilation of historical work and conducted a prospecting program on the Bird River Sill. Marathon's prospecting has yielded positive initial results, as a number of rock samples collected over a strike length of 800 metres exhibit high values of PGM and variable nickel and copper values. These samples were collected at the Coppermine Zone (Ward's) in the far western end of the Bird River Property, some 21 km west of the Page Block. The chemistry of the samples clearly demonstrates that PGM mineralization is known to occur in multiple environments over the entire property. For further information refer to NR-07-09 dated June 11, 2007.

On January 7, 2008, Marathon announced the Option & Joint Venture of the adjacent 446-hectare Ore Fault Property held by Bird River Mines Inc. (BRMI-CNQ). The Ore Fault Property lies within the area of influence and is part of the Gossan-Marathon Option and Joint Venture Agreement. The two properties together are referred to as the Bird River Project. Marathon undertook a major drilling program on both of the Bird River properties during the winter and into the spring of 2008 with the goal of developing a NI 43-101 resource. After freeze-up, a ground IP geophysics program was conducted on selected grids on the Page Block, the Galaxy occurrence, and the Ore fault North Zone to assist in defining drill targets. For further information refer to NR-07-15 dated November 1, 2007 and NR-08-01 dated February 28, 2008. The Bird River Project's winter drill program was completed in April, 2008. It was comprised of 38 holes (6,938m). At the Page Block, 13 holes (2,047m) were drilled and 4 holes (582.4m) were drilled at the Galaxy occurrence. At the Ore Fault Property which is part of the Gossan – Marathon joint venture, 21 holes (4,308m) were drilled in two stages at the Ore Fault North Zone.

Results from the 13 holes drilled at the Page Block during the winter of 2008 confirm historic drill results and expand the known dimensions of the Page Zone mineralization. Multiple stacked sulphide lenses of Ni-Cu-PGM mineralization characterize the Page Zone. Semi-massive to massive sulphide lenses as in Hole MP0808, typically have higher metal values and require more definition. Historically, exploration at the Page Block was focused along the contact on the northern margin of the Bird River Sill. The current drill program has established that the Page Zone is actually much wider than previously known with thicker intersections of mineralization located to the south. The mineralization outlined to date dips to the south at a shallow angle making it ideal for potential extraction by open pit mining. Currently the maximum thickness of the mineralized sequence is known to be 180m and it remains open down dip to the south. Highlights of the drill program include Hole MP0808 with a 15.5m intersection of Ni-Cu-PGM mineralization grading 0.81% Nickel, 0.35% Copper, and 0.67gpt PGM and Gold in a sulphide lens and Hole MP0803 with a 47.34m interval grading 0.35% Nickel, 0.11% Copper and 0.344gpt PGM and Gold which demonstrates the potential for open-pit mining. For further information refer to NR-08-04 dated May 12, 2008 and NR-08-07 dated May 26, 2008. A drill program on the Page Block comprised of five holes totaling 437 metres was completed in February 2009.

The area just west of the Page and Peterson Blocks, which includes the Galaxy Showing and a 600 metre long EM and magnetic anomaly, was examined during the winter of 2008 by ground IP geophysics and a limited 4-hole drill program which did not intersect economic mineralization. Prospecting has shown the EM anomaly to be mineralized with grab samples assaying up to 1.13% copper and 2gpt gold. In 2002, a limited shallow small-core drill program conducted by prospectors at the Galaxy Showing encountered 0.44 metres assaying 3.79% nickel; 0.8gpt platinum; 3.5gpt palladium; 0.16% copper; and 0.12% cobalt.

Marathon's geological interpretation from the Ore Fault North Zone (OFNZ) drilling reveals that there are two mineralized systems. Ni-Cu-PGM sulphide mineralization is hosted within north-west trending and moderately dipping (~50 to 70 degrees west) ultramafic units of the Bird River Sill and north trending VMS-type Zn-Ag-Cu mineralization hosted within near vertical quartz veins and associated chlorite-

garnet schist. In the winter of 2008, a total of 21 holes (4,308 m) were drilled in two stages at the Ore Fault North Zone. Highlights of the drill program included Hole MF0807 with 17.5m true width of the lower Zn-Cu-Ag mineralization grading 0.03% Ni, 0.74% Cu, 4.61% Zn, and 51.1gpt Ag and a 53m intersection of the upper Ni-Cu-PGM mineralization grading 0.82% Nickel, 0.25% Copper and 1.15gpt PGM and Gold in a sulphide lens within hole MP0810. For further information refer to NR-08-03 dated April 23, 2008, NR-08-08 dated May 28, 2008 and NR-08-09 dated July 16, 2008.

Marathon completed a Crone geophysical down-hole survey on 8 holes at the OFNZ. The down-hole survey is a widely used exploration tool to assist in detection of off-hole mineralization. The results of the Crone survey will be used to target drill locations in future programs. A grouping of geophysical anomalies elsewhere on the Ore Fault Property was tested with four drill holes in the Winter 2009 drill program.

On January 15, 2009, the Company announced initial resource estimates for the Page Block and Ore Fault North Zones. The NI 43-101 compliant resource estimates were completed by independent mining consultants and Qualified Persons, F.H. Brown C.P.G., Pr.Sci.Nat., and Antoine Yassa, P.Geo. of P&E Mining Consultants Inc., of Brampton, Ontario ("P&E") (see NR-09-01 dated January 15, 2009).

Page Block Mineral Resource at US\$12.00/tonne NSR Cut-Off

									Contained Metals Base Metals lbs x 1,000,000 Precious Metals ozs x 1,000				
Category	Tonnes (x1,000)	Ni (%)	Cu (%)	Zn (%)	Ag (gpt)	Au (gpt)	Pt (gpt)	Pd (gpt)	Ni	Cu	Zn	Ag	PGM + Au
Indicated	1,498	0.32	0.13	0.01	0.90	0.02	0.07	0.28	10.6	4.3	0.3	41.0	17.8
Inferred	261	0.27	0.09	0.01	0.80	0.02	0.07	0.25	1.6	0.5	0.0	7.1	2.8

Ore Fault North Zone Mineral Resource at US\$12.00/tonne NSR Cut-Off

									Contained Metals Base Metals lbs x 1,000,000 Precious Metals ozs x 1,000				
Category	Tonnes (x1,000)	Ni (%)	Cu (%)	Zn (%)	Ag (gpt)	Au (gpt)	Pt (gpt)	Pd (gpt)	Ni	Cu	Zn	Ag	PGM +Au
Ni Zone													
Indicated	905	0.37	0.24	0.20	8.20	0.02	0.09	0.37	7.4	4.8	4.0	237.9	13.9
Inferred	2,509	0.35	0.19	0.08	7.10	0.01	0.10	0.40	19.6	10.8	4.6	573.6	41.7
Zn and Cu Zone													
Indicated	28	0.04	0.48	1.39	59.10	0.07	0.01	0.06	0.0	0.3	0.9	52.6	0.1
Inferred	341	0.06	0.47	2.02	44.50	0.06	0.01	0.08	0.5	3.5	15.2	487.9	1.66

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

2. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

P & E Mining Consultants Inc. (P&E) estimated these new resources, including the 2008 drilling results, using an average internal NSR cut-off of US\$12.00 per tonne (based on processing costs of US\$11.00/t and G&A costs of US\$1.00/t). Mining costs of US\$1.50/rock tonne were used in a pit optimization. Metal prices used in P&E's estimate were Ni US\$12.52/lb, Cu US\$3.18/lb, Zn US\$1.29/lb, Ag US\$13.28/oz, Au US\$716.00/oz, Pt US\$1,345.00/oz and Pd US\$345.00/oz. The metal prices utilized were based on the 36-month trailing average metal prices as at December 2008.

Currently, metal prices are generally significantly lower than their 36-month trailing average price as at December 2008. The use of lower metal prices would have the effect of reducing the size of the estimated resource.

Tonnages were calculated using a bulk density of 2.96 tonnes per cubic metre as determined from ten samples taken by Eugene Puritch, P.Eng. of P&E during a site visit in May 2008. Model grade blocks were sized at 20.0 m wide by 20.0 m long by 10.0 m high. Inverse distance squared (ID²) interpolation was used to determine grade block values. Potentially economic resources were constrained within an optimized pit shell.

The summary of the NI43-101 technical report outlining the resource estimates has been filed on SEDAR by Marathon.

On February 27, 2009, the Company announced the completion of the first phase of the 2009 drilling program with a total of 971 m drilled in 7 holes designed to enhance the two known resources. Two holes (534 m) were drilled at the Ore Fault North Zone and five holes (437 m) were drilled at the Page Block. All of these holes are within the current resource pit shell and will add to the existing resource base. Highlights of the drill program included a 2.8 m intersection of Ni-Cu-PGM mineralization grading 2.66% nickel, 2.10% copper, 15.25 gpt silver and 2.03 gpt PGM + gold in a sulphide lens at the Page Block within hole MP-09-17 and a 2.5 m intersection of Cu-Zn-Ag mineralization grading 2.23% zinc, 0.74% copper and 50.47 gpt silver in a sulphide lens at the Ore Fault Zone within hole MF-09-27. Four additional holes were also drilled to test other geophysical anomalies elsewhere on the Ore Fault Property. For further information refer to NR-09-06 dated March 11, 2009.

**Assay Results – Ore Fault North Zone and the Page Block
– 2009 Phase 1 Winter Drill Program**

Hole	From (m)	To (m)	True Width (m)	Pd (gpt)	Pt (gpt)	Gold (gpt)	Total PGM + Gold (gpt)	Silver (gpt)	Zinc (%)	Cu (%)	Ni (%)
Ore Fault											
MF-09-27	95	99.3	4.3	0.46	0.11	0.02	0.59	1.83	0.03	0.15	0.45
MF-09-27	158	186	28.0	0.52	0.12	0.02	0.66	2.54	0.01	0.16	0.41
Including	158	159.9	1.9	0.46	0.09	0.01	0.56	0.84	0.01	0.08	1.15
MF-09-27	271	276	5.0	0.82	0.17	0.07	1.06	9.75	0.28	0.27	0.39
MF-09-27	277	299.2	17.0	0.01	0.01	0.04	0.05	19.06	1.39	0.35	0.02
Including	284.6	287.8	2.5	0.01	0.01	0.21	0.23	50.47	2.23	0.74	0.01
Including	294.2	299.2	4.0	0.01	0.01	0.02	0.04	27.16	3.17	0.51	0.02
MF-09-26	117	129.3	12.3	0.52	0.14	0.07	0.73	2.25	tr	0.13	0.33
MF-09-26	134.1	140.0	5.0	tr	Tr	Tr	Tr	13.73	3.79	0.56	tr
Page Block											
MP-09-14	31	41.6	10.6	0.41	0.10	0.04	0.55	1.17	0.01	0.31	0.42
MP-09-15	70.2	76	5.8	0.38	0.09	0.02	0.49	2.58	0.02	0.20	0.34
MP-09-17	16.1	18.9	2.8	1.66	0.34	0.03	2.03	15.25	0.03	2.10	2.66
MP-09-17	27.5	29.4	1.9	0.83	0.18	0.01	1.02	3.20	0.01	0.53	1.47
MP-09-18	6.7	14	7.3	0.30	0.07	0.02	0.39	1.08	0.01	0.18	0.31

(1) MP-09-16 intersected no significant values

(2) tr” denotes trace concentrations

On June 12, 2009, the Company announced the completion of a 6 hole, 549 metre drill program on the Coppermine Zone located at the western end of the Bird River Project. Lenses of sulphides were intersected in 5 holes with assay results outlined below:

Assay Results – Coppermine Zone – 2009 Spring Drill Program

Hole	From (m)	To (m)	True Width (m)	Pd (gpt)	Pt (gpt)	Au (gpt)	Total PGM + Gold (gpt)	Cu (%)	Ni (%)
MC-09-01	51	57	6	0.46	0.21	0.13	0.79	0.23	0.13
MC-09-02	71	77	6	0.32	0.15	0.06	0.52	0.16	0.11
MC-09-03	44.5	50	5.5	0.35	0.17	0.16	0.68	0.71	0.07
MC-09-04	31	33	2	1.38	0.37	0.20	1.95	0.36	0.02
MC-09-04	59	67	8	0.03	0.01	0.09	0.13	0.36	0.02
MC-09-06	15	37	22	0.51	0.30	0.11	0.92	0.20	0.11
MC-09-06	21	29	8	0.87	0.50	0.16	1.53	0.29	0.19

(1) MC-09-05 intersected no significant values

The Coppermine drill results identified a more favourable palladium to platinum ratio of 2.27 compared to 4.35 at the eastern end of the property. To date, Marathon has identified an 800 metre long mineralized strike length at the Coppermine Zone. A single hole at the Coppermine Zone was drilled by Canex Placer Ltd in 1973 which contained a 12.2 m intersection grading 0.24 % nickel, 0.42 % copper, 1.02 gpt platinum and 1.19 gpt palladium. Additional prospecting was carried out by Marathon along strike from this hole, yielding a total of 77 grab samples, of which 20 returned values of greater than 0.5 gpt platinum plus palladium, including 8 samples in the range of 1-3 gpt platinum plus palladium (please see Gossan news release 07-09 of June 11, 2007).

Marathon is continuing prospecting at the Page Block and Ore Fault Zones to follow up on geophysical anomalies. The 22 km strike length separating the Coppermine and Ore Fault Zones is highly prospective and warrants future drilling. Reinterpretation of the Page and Ore Fault drill databases and re-logging of select Ore Fault and Page holes from as far back as the 1970's will assist in further refinement of the model of mineralization. Gossan contributed to the Winter, Spring, and Fall 2010 Programs which continues this work. In the fall of 2010, a trenching program was conducted between the Ore Fault Zone and the Page Block. To date Marathon has successfully delineated over 5 million tonnes of in-pit resource at the Ore Fault and Page Zones in 2008.

A theory which postulates a new magmatic model for the emplacement of the Chrome, Page, Peterson and the National-Ledin Blocks of the Bird River Sill (BRS) is one of the findings of the Joint Industry-Government-University Mapping Program of the Bird River Sill. The new model was developed by Caroline Mealin B.Sc. under the supervision of Robert Linnen, PhD., and Shoufa Lin, PhD., all of the University of Waterloo. It was published in November of 2006. Management believes that future exploration on the property will be significantly affected by Mealin's new theory.

This new magmatic model has important economic considerations in that the feeder system for the Page, Peterson and Chrome Blocks may be located at the western end of the Page Block. This area and its related faults provide an ideal location for the investigation of economic concentrations of nickel, copper and PGEs. Previous studies have treated the BRS as a single continuous intrusion that was block faulted. The 2006 summer mapping program, in conjunction with total field magnetics, failed to find any evidence to support the existence of these faults. Accordingly an alternative theory is proposed for the segmentation of the blocks of the BRS, based on field observations and preliminary geochemical interpretation. The blocks of the BRS are best explained if there were initially separate magmatic intrusions (i.e., the BRS does not represent a single, continuous intrusion). A preliminary magmatic model for the emplacement of the Chrome, Page, Peterson and National- Ledin Blocks is presented at www.gossan.ca/jigu.pdf.

During the spring and summer of 2006, Gossan received a considerable amount of new data on the Bird River Property. This data was provided by the Company's former joint venture partner, North American

Palladium Ltd.'s wholly-owned subsidiary, Lac des Iles Mines Ltd. ("LDI"). Between March 14, 2005 and March 27, 2006, LDI conducted: a 750 line-km, high resolution, time domain, electromagnetic and magnetic survey using Geotech's helicopter-borne "dream-catcher" VTEM System; an initial 8-hole diamond drill program, totaling 934 metres, highlighted by hole BR-05-02, located on the Page Block, that intersected 13.75 metres of 1.077% nickel and 0.501% copper; a 37.8 line-km, deep penetrating, large loop, surface pulse DEEP EM survey along 2.6-km of the Sill on the Page and Peterson Blocks; and a second drill program at the eastern end of the Property. The second drill program consisted of ten holes, totaling 1,365 metres, of which five holes encountered significant sulphide mineralization, highlighted by hole BR-06-10 that intersected 8.7 metres of 0.924% nickel and 0.400% copper. During the life of the agreement, LDI made payments to Gossan totalling \$100,000 and incurred \$805,500 of expenditures conducting these exploration programs.

Sharpe Lake Gold Property

The 16,615-hectare (41,055-acre) Sharpe Lake Property covers 40-km of the Stull Lake-Wunnummin Fault Zone (SWFZ), a major gold metallotect, which is the western strike-extension of the deformation zone that transects the Monument Bay-Twin Lakes area where Rolling Rock Resources Corporation (formerly held by a Wolfden-Bema Gold Joint Venture) is developing a high-grade gold resource. The Rolling Rock NI 43-101 compliant inferred resource is 6.3 million tonnes grading 5.98 gpt gold for a total of 1.2 million ounces of contained gold. Rolling Rock Resources is currently being acquired by Mega Precious Metals Inc. Gossan's property is comprised of three exploration permits or license applications located 550-km northeast of Winnipeg. During the second fiscal quarter, the exploration permit covering the Bear Showing expired. The Company has re-applied for these exploration permits.

In the fall of 2006, Gossan completed a MMI geochemical program to expand the survey area at the Bear Showing with the goal of identifying additional drill targets. Based on the success of the prior year's summer program which identified a favourable a gold-copper MMI geochemical anomaly, a two phase program was conducted over the winter. In March 2006, a geophysical program was undertaken consisting of a 30.7-line km induced polarization – resistivity survey and a 48-line km magnetic survey. In January 2006, a 50.4-km grid was cut on 200m spacing at the Bear Showing and additional claims, totaling 799 hectares, were staked outside the existing exploration permit immediately to the south of the showing. The Sharpe Lake Property and its Bear Showing is the subject of a National Instrument 43-101 Report which was filed with SEDAR. The Report compiles the work that has been conducted on the property and recommends a drill program to investigate gold mineralization at the Bear Showing at the west end of Sharpe Lake. Gossan intends to seek a joint venture partner to undertake the drill program. With a minimum strike length of six kilometres bounded by bifurcations of the SWFZ, a major crustal break, the Bear zone is considered a high priority target for economic gold deposits.

Rice Lake Gold Royalties

The Company no longer holds any properties in the Rice Lake Gold belt near Bissett, Manitoba. However, Gossan will continue to participate in the Rice Lake Gold belt through NSR interests in two properties – the Angelina and the Topo. The NSR on the Vena property has been extinguished, resulting in a write down of Other Properties by \$1.00 in the 2010 fiscal year.

Inwood Magnesium Project

The 1,635 hectare (4,040 acre) Inwood Magnesium Property is located in south-central Manitoba, 80-km north of Winnipeg. In total Gossan's regional land package covers 6,231 hectares (13,396 acres). Its land position is designed to hold all of the area's near-surface beds of high-purity dolomite that are well above the water table. In order to prepare the property as an attractive target for a major producer or a joint-venture partner, the Company completed a National Instrument 43-101 resource report based on a 27-hole drill program which was completed in May of 2006. Now the current focus of the Project is the assessment of a new magnesium production process.

The Inwood Magnesium Project is being advanced based on the expectation for higher magnesium prices and the development of more efficient magnesium extraction processes. Magnesium extraction technology will be the future focus of this project. Gossan has also acquired the option on the worldwide rights to the Zuliani Process, an alternative magnesium extraction process. Magnesium prices which increased dramatically in 2008, have softened and stabilized around US \$1.25 per pound. Based on the increase in magnesium production costs in China due to higher energy, raw material and labour costs, it is expected that the current price of magnesium will become the new floor price going forward for the foreseeable future.

On March 15, 2007, Gossan entered into a licensing arrangement for a new high efficiency magnesium production process being developed by Douglas J. Zuliani. Gossan controls large deposits of high grade dolomite and silica sand in Manitoba, Canada, both key raw materials used in magnesium metal production. Zuliani, who holds a Ph.D. in Metallurgical Engineering from the University of Toronto, has over twenty years of experience in magnesium technology and business development. From 1985 to 2000, he held a number of senior executive positions with Timminco Ltd., an internationally recognized leader in the production of high purity magnesium using the Pidgeon silicothermic vacuum reduction process which recovers magnesium metal from briquettes containing ferrosilicon and calcined dolomite. As part of their agreement, Gossan retains an option to secure exclusive worldwide rights to the process.

Zuliani's technology is projected to significantly reduce the direct operating cost of magnesium metal production by as much as 25% compared to a typical Chinese Pidgeon process plant which, with China producing over 80% of the world's magnesium, has now become the industry norm. The new process is based on an efficient adaptation of the original Pechiney and Alcoa Magnatherm process which still remains the only successfully proven high temperature method for producing magnesium metal by silicothermic vacuum reduction of molten slag containing magnesia. By using an enhanced Magnatherm approach, the process can utilize low-cost hydro electricity abundantly available in Manitoba as its principal energy source.

The Zuliani process is designed to achieve operating cost savings by process efficiency improvements that significantly reduce both energy and key raw material requirements. These enhancements to the traditional Magnatherm method should materially improve both magnesium recovery and silicon reduction efficiency without the need for a vacuum. Energy use is reduced by development of a technically straightforward method that will ensure highly efficient condensation of liquid magnesium metal thereby avoiding the need to melt solid magnesium which has been a major problem for both the Pidgeon and Magnatherm processes. Based on current information, Gossan intends to commercialize the Zuliani process in approximately 10,000 tonne per annum production increments which will reduce initial investment risk and allow expansion of production capacity in line with market demand.

In order to prove out the technology prior to commercialization, Gossan is undertaking a four phase evaluation process. Initially thermodynamic modelling was successfully used to verify the process fundamentals. The second phase which involved three phases of bench scale testing was contracted at Process Research ORTECH Inc. of Mississauga (PRO). The third phase will involve larger scale batch laboratory testing. Thereafter a fourth phase of pilot plant testing will be required to demonstrate commercial viability. Gossan may seek a joint venture partner to assist in the pilot plant testing and subsequent commercialization of the process.

On September 25, 2007, Gossan announced favourable results from a chemical thermodynamic modeling study of the Zuliani Process to extract magnesium metal from dolomite. Dr. Arthur Pelton, of THERMFACT Ltd. and a Professor at Ecole Polytechnique in Montreal completed the study. THERMFACT is a co-developer of the world leading FactSage integrated thermodynamic databank system which calculates the conditions for multiphase, multi-component equilibria in complex gas-slag-metal systems.

The FactSage study has confirmed the process thermodynamics for the Zuliani technology including the vapour pressure of magnesium as a function of process temperature and operating conditions, the slag – metal reactions and the formation of by-products. Pelton’s Report (the “Report”) recommends proceeding to Phase 2 – Bench Scale Testing, which has been sourced and contracted. For further information refer to NR-07-13 dated September 25, 2007.

FactSage Thermodynamic Study Highlights:

1. The main conclusion from the Report confirms that the Zuliani Process (the “Process”) is capable of producing magnesium vapour at atmospheric pressure in the desired temperature range of 1550-1650°C. As such the Process will not require the use of a vacuum.
2. Assuming a properly designed liquid phase condenser, the Report confirms that molten magnesium condensation is feasible with the Process. The FactSage thermodynamic model was used to assess the composition of the magnesium vapour phase. Based on this assessment, provided the dolomite is of sufficient purity, the Report concludes that the Process is capable of producing 99.8% commercial grade magnesium metal. Valuable thermodynamic data pertaining to the condensation of molten magnesium metal was provided in the Report to assist in the design of the Process’ liquid phase condenser used to recover molten magnesium.
3. Based on the FactSage thermodynamic analysis, the Report develops an optimum process route to produce magnesium at high vapour pressure with minimized raw material consumption. The Report indicates that under these conditions the Process operates at a high thermodynamic efficiency. Although the study focused principally on Process thermodynamics, the Report also indicates that it is expected that the Process will demonstrate excellent kinetics for producing magnesium compared to other thermal magnesium processes using dolomite and ferrosilicon.
4. The optimum composition of the Process slag to maintain acceptable physical properties, fluidity and reactivity is identified in the Report. The recommended principle slag constituents are widely available for commercial use. The Process temperature at which the slag becomes fully molten is confirmed at 1550° C which is in line with the aim Process temperature range for magnesium production at atmospheric pressure.
5. The Report confirms that for certain process methods, the Process has the capability of producing potentially attractive commercial by-products. However, under certain conditions there is a risk that the by-products may contain some impurities that may limit commercial pricing and sales. The extent of this by-product contamination risk is unknown at present due to uncertainties in the FactSage thermodynamic data base used in these by-product calculations. The Report indicates that these impurities are already present in the commercial specifications of the specified by-product material. As such, they are of limited concern provided the impurity levels are maintained within commercially acceptable limits. To mitigate the potential risk, FactSage analysis was used to develop three by-product process options that would limit the percentage of these potential impurities in the by-product material.

Dr. Pelton is a co-founder of the FactSage system, which is among the world’s largest database computing systems in metallurgical thermodynamics. FactSage has more than 200 industrial and 200 academic users worldwide. Dr. Pelton recently received a \$600,000 NSERC-CRD grant in collaboration with General Motors to develop databases for the thermodynamic and volumetric properties of magnesium alloys for purposes of evaluating the potential for new magnesium alloys. He also recently developed software dedicated to simulate the phase transformations during casting of magnesium alloys.

On May 13, 2008, Gossan announced that CANMET Materials Technology Laboratory (CANMET-MTL) of Ottawa, Canada, would conduct bench scale testing of the Zuliani Process to extract magnesium metal from dolomite. The CANMET bench scale tests have been deferred as bench scale and other testing being conducted at ORTECH are progressing satisfactorily.

October 2, 2008, the Company announced it had retained Hatch of Montreal, Canada, to provide engineering process support for the Inwood Magnesium Project. The agreement covers a 5-phase work program culminating with the opening of a Certificate of Authorization file with the Manitoba government for construction and environmental approvals for a production facility at Inwood, located in south-central Manitoba. The initial phases of work will encompass a review of the Zuliani Process technology and the Pelton Thermodynamic Study conducted by THERMFACT using the Magnetherm and Pidgeon Processes as benchmarks. Phase 2 will focus on the evaluation of the planned bench scale test work including a review of the proposed test plan and testing protocols for the work at ORTECH. These two phases will be conducted concurrently. Phases 3-5 are comprised of: an assessment of future pilot plant testing requirements; a Scoping Study providing general capital and operating cost estimates, infrastructure requirements, initial site planning, and a magnesium market study; and assistance in preparing the application for a Certificate of Authorization for construction and environmental approvals for a production facility. Gossan is currently reassessing its engineering needs for the project.

On May 11, 2009, Gossan announced favourable results from its Phase I bench scale testing of the Zuliani Process for the production of magnesium metal from calcined dolomite. The tests were conducted by Process Research Ortech (PRO) of Mississauga, Ontario. A key finding of the final PRO Report for Phase I was that 98.9% of the magnesium contained within calcined dolomite samples was volatilized under the desired experimental conditions. Volatilization, in this case, measures the proportion of magnesium metal that has been released from the calcined dolomite and represents the likely highest possible recovery rate. PRO conducted 8 bench scale tests in Phase I.

The Phase II bench scale testing by Process Research Ortech (PRO) confirmed the earlier conclusions from FactSage modeling that the Zuliani Process (the “Process”) will produce magnesium metal under atmospheric conditions thereby avoiding the complexities and added costs associated with operating under vacuum as is required by the Pidgeon and Magnetherm processes. In addition, the Process is being configured to enable either a batch or a continuous operating mode to maximize productivity and efficiency.

On April 27, 2010, Gossan announced the results of the Phase III bench scale tests at Process Ortech. The Phase III tests used a larger sample size in newly designed test equipment. A total of six tests were conducted in this program. Initially during this series of tests, a number of issues specific to the design of the new bench scale test equipment were identified and equipment improvements were made as the tests have progressed. The Phase III bench scale results confirm that the Zuliani Process produces magnesium metal under atmospheric conditions at exceptionally high raw material efficiencies.

In cooperation with PRO, Gossan is now planning the next stage of testing of the Zuliani Process which will materially increase the scale of testing, using specialized equipment. With Gossan’s assistance, PRO has acquired a large vacuum induction furnace from CANMET’s Ottawa laboratory. Scheduling of the next stage of tests remains dependent on the installation and restoration of the furnace to operating order and the availability of other specialized equipment which is currently being sourced.

Dr. Arthur Pelton of THERMFACT has been retained to review the Phase I-III bench scale tests conducted at PRO and to report on the data analysis he performed during the testing at PRO.

Based on recent FactSage modeling work by Dr. Pelton, the Zuliani Process has demonstrated calcined dolomite and silicon efficiencies both over 92%. At these efficiencies, raw material consumption is about 20% and 30% lower than for a typical Pidgeon plant operating in China. These findings imply exceptionally high raw material utilization efficiency and gives further credence to the Zuliani Process ultimately providing the lowest operating cost per pound of magnesium produced by a material margin.

The table below compares the typical Chinese Pidgeon Process with expected Zuliani Process raw material utilizations based on the latest bench scale test results and FactSage thermodynamic modeling.

Kg per kg Mg ingot	Zuliani Process	Chinese Pidgeon Plant***	% Improvement
Ferrosilicon (75%)*	0.81	1.20	32.5%
Calcined Dolomite**	4.40	5.74	23.3%

* ferrosilicon is the reducing agent required for the production of magnesium metal

** calcined dolomite is the Mg containing feed material produced from dolomite ore

*** S. Ramakrishnan, P. Koltun. Resources, Conservation and Recycling 42 (2004) 49-64

At a recent price of \$1,800 per ton, ferrosilicon represents the single largest cost item in the production of magnesium metal, based on current test and modeling results the Zuliani Process would have a ferrosilicon related cost advantage of more than \$575 per ton of magnesium ingot compared to Chinese produced magnesium. In addition, since the Zuliani Process has demonstrated efficient magnesium production at atmospheric conditions the process avoids the complexities and added costs associated with operating under vacuum as is required by the Chinese Pidgeon Process. Atmospheric magnesium production is also expected to facilitate direct production of molten magnesium metal without the added cost and yield losses associated with melting and refining of solid crude magnesium as produced with the Pidgeon Process.

When all factors are considered including prevailing dolomite & ferrosilicon costs, labor rates, energy prices and overseas freight, the direct cost of magnesium ingot produced with the Zuliani Process is expected to be about 30% less than the direct cost of Chinese magnesium ingot landed in western markets, subject to confirmation of the process at commercial scale.

Based on the extensive bench scale trials and thermodynamic modeling completed to date and the dominance of Chinese Pidgeon Process magnesium, Gossan expects commercialization of the Zuliani Process will provide the Company with a significant operating cost advantage in all international magnesium markets.

The higher raw material efficiencies coupled with the use of hydro electricity would lower the environmental impact of magnesium production dramatically. Gossan has contracted Process Ortech to undertake a Carbon Emission Study for the Zuliani Process. Cap and Trade legislation pertaining to Green House Gas emissions in North America is widely anticipated to be introduced and mandated in the near future. This legislation may have a material effect on the project's economics.

Dr. R. Sridhar, Ph.D., and Dr. V. I. Lakshmanan, Ph.D., of Process Research Ortech (PRO) supervised the Phase I - III Technical Reports on the Zuliani Process.

Process Research ORTECH Inc. (PRO), a private corporation formed from ORTECH, an Ontario Government crown corporation established 80 years ago, provides extensive facilities and services to develop bench scale, pilot, pre-commercialization plant environment to industries in the mining, metallurgical, environment, energy and specialty chemicals sectors with emphasis on clean technologies and renewable energy. Its 40,000 sq. foot industrial facility is equipped with the necessary regulatory and environmental permits and supports a number of diverse initiatives and customers simultaneously. PRO's capabilities to support the mining and metallurgical sector include Mineral Processing, Hydrometallurgy and Pyrometallurgy.

In the fall of 2008, Gossan retained Dr. Dieter Ksinsik, Ph.D., to conduct a site inspection and an economic assessment of the Selkirk Smelter owned by Manitoba Hydro. A long-term lease on the Selkirk Smelter was being offered by Manitoba Hydro. Dr. Ksinsik's assessment considered the use of the smelter for the production of ferro-silicon and also as a pilot plant facility for the production of magnesium. Ferro-silicon is a primary input to the production of magnesium. The study concluded that the long-idle specific-purpose facility should not be leased.

Mintek, a leading, South African-based, mineral and metallurgical technology firm has also been developing an advanced thermal process for the production of magnesium based on silicothermic reduction of calcined dolomite, called the Mintek Thermal Magnesium Process. Mintek has claimed that this new technology is potentially superior to both the Pidgeon and the Magnetherm conventional vacuum processes as it is designed to operate at atmospheric pressure and at higher temperatures for better recoveries and throughputs. This new technology is being designed to be a continuous rather than batch-feed process which could provide for substantially larger production units than the Magnetherm process, with expected improvements to capital and operating costs. Hatch, a Montreal-based engineering firm has been providing the Company with guidance in regard to Mintek's technology.

On May 13, 2006, the Gossan completed a 27-hole drill program, totaling 496 metres, on its Inwood Magnesium Dolomite Property. Watts, Griffis McQuat (WGM) were retained to undertake a National Instrument 43-101 Report resource calculation based on the results from the 2006 drill program and 25 holes previously drilled on the Property.

The 2006 drill program was conducted at a grid spacing of 200x200 metres over an area of approximately 80 hectares. The program targeted the Fisher Branch Formation which typically outcrops at surface and extends to a depth of about 12-15 metres. Some of the holes also investigated the underlying Upper and Lower Stonewall Formations down to the Lower T Marker, a depth of about 25 metres.

On November 3, 2006 Gossan announced the initial findings of the Watts, Griffis, McQuat National Instrument 43-101 Report on the Inwood Dolomite Project. Gossan subsequently received a revised National Instrument 43-101 Report from Watts, Griffis and McQuat reflecting the elimination of certain core intersections that were partially outside the mineralized zone and the utilization of a more sophisticated block modeling technique. Total residue for the Fisher Branch resource was reduced to 0.34 %. The total resource remained basically unchanged but due to the use of block modeling, a portion of the tonnage shifted from measured to indicated.

The Inwood Property hosts a very-large, high-quality deposit as the final Measured Resource alone would be capable of sustaining a very substantial production facility of 80,000 tonnes of magnesium per year for about 30 years (subject to a positive feasibility study). The final report estimated the Fisher Branch resource as follows:

Formation and zone	Resource Classification	Tonnage	Grade MgO (wt%)	Grade CaO (wt%)
Fisher Branch	Measured	28,819,000	21.15%	30.91%
Fisher Branch	Indicated	5,057,000	21.40%	30.66%
Fisher Branch	Inferred	131,236,000	21.64%	30.51%

An initial environmental study has been conducted at the Inwood Property. No endangered species were identified in the assessment of the natural environment. Portions of the Inwood Property are part of a wildlife management area. It is Gossan's intention to replenish similar natural environment should production proceed on these portions of the Property. The cost of acquiring replacement land is not considered material to the project. The current drill program was conducted in an area of the property which is unaffected by wildlife management practices.

During the fall of 2008, a 5-tonne bulk sample was extracted from the Inwood Property. The bulk sample has been crushed, bagged and stored for future use in testing of the Zuliani Production Process.

Manigotagan Silica – Frac Sand - Property

At the Manigotagan Silica Property, Gossan has completed a series of tests on various sized sub-samples of Manigotagan silica sand and the results have exceeded all of the minimum standards for frac sand used

by the oil and gas industry. This analysis, known as Proppant Testing, was conducted by PropTester Inc. of Cypress, Texas using the ISO or American Petroleum Institute's standards for the following tests: Sieve analysis (particle distribution and MPD), Crush test (crush resistance), Krumbein shape factors (roundness and sphericity), Densities (bulk and specific gravity), Photomicrographs, Acid Solubility (12:3 HCl:HF), Turbidity (silt and fine particulates), as well as, PropTester's PT Crush Profile. Gossan has received inquiries from potential purchasers of silica sand over the past year.

A drill program consisting of 23 holes was conducted at the Manigotagan Silica Property in December 2006. The drill program was successful in outlining the edge of two zones of silica sand with a thickness exceeding 8 metres and an average thickness of 11.5 metres. The ratio of overburden above the two zones of silica sand is less than 1:1. A drill rig capable of both core and auger drilling was utilized in anticipation of difficult conditions for sample recovery. Although the auger drilling method proved to be the better of the two methods, neither method provided good sample recoveries. Management determined that a sonic drill, which should be capable of achieving NI 43-101 standards for sample recovery, would be used in future drill programs.

In June of 2007, two shallow pits were excavated at the east end of the property to provide additional sample material for testing.

In May of 2008, Gossan conducted a 26-hole sonic drill program to test the eastern border of the Property towards an open pit where the silica sand formation outcrops near surface; to assess the known area of the silica formation to the south; and to investigate the southern portion of the Property. Boart Longyear was the drill contractor. This initial program of sonic drilling has yielded near-perfect 10-foot core sections with excellent recovery. The improved quality of the sampling will have important implications for the economic assessment the Property. A number of holes could not be completed to depth. The deposit mainly consists of white silica sand, however some coloured sands have been encountered. The colouring appears to be caused by coatings on the silica sand grains. Methods for removing the coloured coating are being investigated and results to date are encouraging. Three holes drilled in the southern portion of the Property outside the known area of mineralization did not identify commercial values of silica.

Drilling at Manigotagan has been successful in outlining substantial zones of silica sand with a thickness exceeding 5 metres and ranging to over 15 metres. Two zones, with lengths known to exceed 400m and 600m, are both open on one or more sides. The deposit has been outlined in three drill programs totalling over 60 holes.

In February 2009, a substantial number of additional silica sand samples were sent to laboratories for attrition scrubbing in preparation for further analysis.

Initial testing for use as frac sand in the Spring of 2009, conducted by PropTester Inc., resulted in samples of 20/40 mesh silica sand meeting ISO standards for quality 20/40 mesh Proppant – class ISO 7K Proppant. Samples of 30/50 mesh silica sand also achieved ISO standards for quality 30/50 mesh Proppant – class ISO 6K Proppant. Subsequently, improvements were made in the sample preparation process with the result of consistent ISO 8K and 9K Proppant ratings for the 20/40 and 30/50 mesh fractions. Testing has continued on an ongoing basis with the 40/70 and 70/140 mesh fraction also attaining consistent ISO 9K Proppant ratings.

Gossan is continuing to consolidate its land position covering its silica sand deposit at Manigotagan on the east shore of Lake Winnipeg. In July 2007, the Company was awarded two additional Quarry Leases. On July 30, 2009, Gossan acquired a 0.5% production royalty that was payable on future revenues from the Manigotagan Property to hold a clear 100% interest. This property, which currently encompasses 306 hectares, is directly across from Black Island where silica sand was extensively quarried prior to the island becoming a Provincial Park. On June 3, 2010, the Company was granted an additional lease of highly prospective ground covering 9.1 hectares.

Manigotagan silica sand has been subjected to a variety of tests that indicate it is of a high purity with few contaminants and that it is similar to the silica sands previously quarried at nearby Black Island. An initial analysis of 19 samples returned average silica content of 94.2% SiO₂ without sizing or treatment. Sizing, washing or other simple treatments significantly improve the purity. An analysis of 9 washed and scrubbed samples provided an average silica grade of 99.0% SiO₂.

On October 19, 2010, the Company reported that it had been advised to pursue development of its Manigotagan Silica Sand Project as improving market conditions for frac sand proppant, used in the oil and gas industry, will accommodate the entry of an additional new producer. World Industrial Minerals of Arvada, Colorado, has completed a marketing study on high-purity Manigotagan silica sand that makes five recommendations: investigate the feasibility of establishing a processing plant at mine site, railhead and harbor in Selkirk, MB; initiate a review and time line of required extraction and processing permits; complete a NI 43-101 report on the deposit; and initiate a prefeasibility study on the Project's economics.

The marketing study establishes that the highest and best use of Manigotagan silica sand is as frac sand proppant used in the oil and gas sector. Demand for frac sand proppant is rebounding as the technology of drilling multi-fraced horizontal oil and gas wells utilizes large amounts of frac sand proppant. Market demand in 2010 is estimated around 8 million metric tonnes. The study provides an analysis of the 17 companies producing frac sand proppant in North America and an assessment of candidates suitable for a strategic partnership in Gossan's Project.

The study concluded that Manigotagan silica sand meets the specifications and appears suitable for the following markets: frac sand proppant, fiberglass, recreation, metallurgical, construction, filtration, and well pack. The silica sand is not suitable for the following markets: foundry, flat glass, container glass, specialty glass, ceramics, filler, ferrosilicon, silicon metal and lascas due to its relatively high iron content of 0.2% and the sandblast market due to its granular shape. The study recommends additional test work to determine if iron levels can be reduced in order to compete in additional markets. In markets other than frac sand proppant, transportation costs would limit the market size to southern Manitoba.

Gossan is actively examining the potential development of the Manigotagan Frac Sand Deposit.

Separation Rapids Property

The 432-hectare Separation Rapids Specialty Minerals Project is located 58 km north of Kenora, Ontario in the highly prospective English River greenstone belt, which hosts lithium, tantalum and cesium mineralization. The Property is situated immediately adjacent to the east of Avalon Ventures Ltd.'s Big Whopper property, one of the largest rare metal pegmatite deposits in the world.

In the summer of 2007, Gossan conducted a field program at the Property comprised of line cutting and an Enzyme Leach geochemical survey to follow-up on a promising multi-element geochemical soil anomaly that was previously identified in 2004. The 2007 geochemical survey identified anomalous zones and a follow-up field program was conducted in the fall of 2008.

During July 2009, the Company undertook a 3-man field program at the property that included prospecting, line cutting, local geological mapping of newly-found outcrops, and the collection of 173 soil samples, 28 grab samples and 10 channel samples.

Prospecting and geological mapping identified a 50m to 100m wide zone with multiple, east-west trending, sub-parallel pegmatite sill-like bodies that range in width from a few centimetres to more than 5 metres. There is significant over-burden between outcrops and the zone trends into a peat bog at its eastern end. Three or perhaps four pegmatites within this zone have strike lengths greater than 25m and a width of at least a metre. A channel sample taken from the 5+ metre wide pegmatite assayed 0.86% lithium over 90cm. Two of the other pegmatites assayed 1.42% lithium in an 80cm channel sample and 0.80% lithium in a grab sample. Amongst the other assayed grab samples, the best returns were 0.50%

and 0.95% lithium.

The soil sampling program utilized Soil Gas Hydrocarbon (SGH) Geochemistry that was analyzed by Activation Laboratories (Actlabs) of Ancaster, Ontario. SGH is a deep penetrating geochemistry that allows for analysis from various types of media. This technique was utilized to allow a potentially prospective 400m long peat bog to be sampled and analyzed along with regular soil samples from the remainder of the grid. Actlabs' SGH analysis identified a strong Level 5 lithium anomaly below the peat bog approximately 100m east of, and along strike of, the most eastern exposures of the three widest pegmatite sills that returned some of the highest lithium values from channel and grab samples. Soil Gas Hydrocarbon Geochemistry has not previously been utilized to target a Rare-Element Pegmatite. For additional information about Actlabs' SGH Geochemistry and Quality Assurance visit www.actlabs.com. In addition, TSL Laboratories of Saskatoon, Saskatchewan undertook Multi-element ICP-MS Analysis on 39 samples using multiacid digestion of which 10 over-limit samples were assayed solely for Lithium. For additional information on TSL Labs visit www.tsllabs.com.

Management believes the highest and best use for material from the Separation Rapids Property may be as an input to the glass industry.

Pipestone Property

Our 50% joint-venture partner in the Pipestone Lake Deposit, Cross Lake Mineral Explorations Inc., is a wholly-owned private corporation of the Cross Lake First Nation. It has been involved in protracted negotiations with the Federal and Provincial governments and Manitoba Hydro to settle the Nelson River Flood Agreement. Development of the Pipestone Lake Deposit has been stalled pending this settlement.

As a result, Gossan has decided to offer the 3584-hectare Pipestone Lake Property for sale. Cross Lake Mineral Explorations Inc. has a 120 day first right of refusal on any proposed sale. Gossan has appointed a representative to assist in the negotiations for the development or sale of this property. The representative is entitled to a completion fee. Discussions regarding the sale or development of the Property remain active and management believes significant progress is being made.

In July of 2008, the Cross Lake First Nation held a 2-day mining symposium at Cross Lake. Gossan was a Sponsor of the symposium and management presented information on the Pipestone Project at an exhibitor's booth.

In October of 2009, the Company retained Hayles Geoscience Surveys Ltd. to conduct a survey of all of the 144 historic drill hole site locations and the grid which was originally cut at the Pipestone Lake Property in 1994. The purpose of the survey was to provide the joint venture with an accurate map on which to base a future NI 43-101 resource calculation. Hayles Geoscience used survey quality GPS instrumentation to record the location of each hole. The crew, which included members of the Cross Lake First Nation, was able to record the locations of 8 drill holes and a portion of the western end of the grid before the programme was terminated.

On June 11, 2010, Gossan management met with representatives of the Cross Lake First Nation to discuss and plan an orientation session for the Band Council about mining in general and the Pipestone Lake Property, specifically. The completion of the drill hole survey in the fall of 2010 was also discussed.

In October of 2010, Gossan again retained Hayles Geoscience Surveys Ltd. to complete a survey of all of the historic drill hole site locations and the grid at the Pipestone Vanadium Project. Hayles Geoscience used survey-quality GPS instrumentation to record the location of 105 holes. A total of 37 holes were inaccessible as they were drilled from ice over the lake or were flooded over by currently higher water levels. Hayles Geoscience reported that the baseline remains in reasonable condition but that some sections of baseline and the cross gridlines require re-cutting. The current program, which was originally initiated in the Fall of 2009, has resulted in a complete digital data base geo-referencing the grid, the drill

hole locations, and the ground magnetic survey onto a topographical base.

The Pipestone Lake Property is located in north central Manitoba, approximately 150km south of Thompson. At the Pipestone Lake's Areas 1 and 2, drilling to date has outlined a non-compliant NI-43-101 historic indicated resource of 156.8 million tonnes grading 5.56% TiO₂, 28.11% Fe₂O₃ and 0.22% vanadium pentoxide and an inferred resource of 150 million tonnes at a similar grade. The mineral resources at Pipestone Lake were estimated by Reedman & Associates in a report prepared for the Company in 1998 but should not be relied upon as the report was not compliant with NI 43-101 and has not been verified by a Qualified Person under the Instrument. More drilling could significantly increase the resource.

Gossan intends to engage in further consultation with its partner, the Cross Lake First Nation, in regard to the development of the Pipestone Vanadium Project as this is a very timely moment in the commodity cycle of vanadium.

Currently, vanadium is mostly used – about 85% - in the steel industry as a strengthener. Various nations are mandating stronger steel rebar in construction and building codes, likely increasing vanadium demand. Vanadium may also play an important new role in electrical storage technology which could substantially increase demand for this metal. In lithium-based auto batteries, the use of a vanadium phosphate cathode material can materially increase energy storage and lead to a 20%+ increase in an electric car's travelling range. Another potential large-scale use of vanadium is in grid-scale electrical storage of renewable energy – wind, solar and hydro – using re-dox flow batteries. Vanadium re-dox batteries could substantially lower power utilities' capital costs as they allow for electricity to be generated and transmitted in off-peak hours and then stored locally to satisfy the following day's peak power demand.

The USGS estimated mine production of vanadium metal at 55,500 tonnes in 2008 and 54,000 tonnes in 2009. Most of the metal is produced as a byproduct of the iron ore or uranium industries. As production is typically sold on a spot basis, the price of vanadium has been highly volatile. Some forecasters are highly optimistic about the demand for vanadium as a green metal with forecasts of new green demand in 2015 from auto batteries of 20,000+ tonnes and from grid redox storage of 9,000+ tonnes taking total estimated demand to over 110,000 tonnes. Any substantial increase in green demand would lead to the need for new primary vanadium producers with production sold on long-term contracted prices.

Paints, paper and plastics are the main uses of titanium dioxide. Potential future green uses of titanium dioxide include pliable solar panels.

G. Ryan Cooke, P.Geol., Gossan's Lead Director – Exploration is the Company's Qualified Person and he has reviewed and approved the technical contents of the mineral properties in this MD&A.

The Claims Network

The Claims Network Inc. is a service provider to the property and casualty insurance industry. As the largest shareholder, Gossan holds a 46.7% equity interest in The Claims Network Inc.(TCN) as at September 30, 2010. 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.

TCN has representatives across Canada that can be dispatched to loss sites to take immediate inventories of damaged contents. In terms of its assessment services, the Company values insurance claims losses using its highly trained staff and its extensive proprietary data library of product specifications and price information. TCN has also initiated marketing to insurance companies in the USA.

Selected audited financial information for The Claims Network Inc. is provided below:

	2007	2008	2009
Total Revenue	\$ 900,565	1,259,121	1,967,897
Net Income after tax	83,152	157,611	298,271
Return on Sales	9.2%	12.5%	15.2%
Working Capital	\$ 259,569	426,479	721,584

TCN currently has adequate cash to pursue and develop its business. Gossan completed its purchase of a 30% equity interest in TCN in July 2002. During 2007, Gossan's equity interest in TCN increased to 37% and in 2008 the interest increased to 47% as a result of mandatory share buybacks under the terms of TCN's shareholders agreement. During the quarter ending September 30, 2010 the Company established a non-cash mark-up of \$11,380 (2009 - \$41,597) in its investment to reflect Gossan's share of TCN's profits during the period resulting in the carrying value of the TCN investment being increased to \$418,065 (March 31, 2010 - \$363,862) at the end of the period.

In 2010 to date, the insurance industry has experienced a lower volume of reported claims which has been reflected in TCN's current results. For the nine-months to September 30, 2010, TCN's total revenue was \$1,389,434 as compared to \$1,467,611 in the comparative period in 2009. Working capital was \$958,776 at September 30, 2010.

On November 5, 2010, Gossan announced that it had entered into an agreement with another TCN shareholder to acquire an additional 19% equity interest in The Claims Network Inc. As the largest shareholder, Gossan will hold a 66% equity interest in The Claims Network Inc.(TCN) giving Gossan a controlling stake in TCN, subject to an existing shareholders' agreement and closing of the secondary share purchase. If Gossan becomes the controlling shareholder of The Claims Network, Gossan will be required to consolidate the results of TCN in its financial statements.

In the future, TCN provides Gossan with a potential source of funding via dividends or sale. It also provides the opportunity to spin-off TCN to Gossan's shareholders in the event TCN went public. This non-mining asset and its potential value allowed the Company to raise funds through a difficult junior resource market and keep its portfolio of mining properties intact.

Liquidity and Capital Resources

At September 30, 2010, the Company had working capital of \$100,520 which reflects a deterioration of \$290,769 since March 31, 2010. This deterioration primarily reflects: marketing and analytical costs on the Manigotagan Silica Property; ongoing evaluation of the Zuliani Process for the production of magnesium; and the Company's administrative expenses. At September 30, 2010 Gossan had a cash and short term investment position of \$226,211 down from \$516,643 at the 2010 fiscal year end.

The Company believes it has adequate cash resources for its current administrative needs however Gossan will continue to rely on equity financings in the future in order to advance its exploration properties and replenish its working capital. Although at some point, certain mineral properties, such as the Bird River Project, Inwood Magnesium Project or the Company's interest in The Claims Network could be sold or spun-off to Gossan's existing shareholders to generate cash, equity financing activities will remain the single major source of cash flow for the Company. The Company is still in the development stage without revenues from operations and remains dependent on equity financings. The Company needs to complete future financings in order to advance its exploration properties and continue to replenish its working capital.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to junior exploration companies. Financial markets are likely to be volatile in Canada during 2010, reflecting ongoing concerns about the stability of the global economy and the possibility of a double dip recession with weak growth prospects. As well, concern about global growth, currency values and other issues has led to sustained volatility in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in raising funds. Junior exploration companies world-wide have been hit particularly hard by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the present shareholders of the Company. With continued market volatility and slower economic growth, the Company's strategy is to joint venture projects where possible; spend its funds in a prudent manner; and scale back on its exploration programs and focus on development projects while maintaining the Company's flow-through commitment, if any (currently \$nil). The Company believes this strategy may enable it to meet these near-term challenges. The Company still has a strong belief in the exploration potential of its properties and hopes to emerge in a solid financial position once the economy moves into the next upturn of the commodity cycle.

Share Capitalization

The Company is authorized to issue an unlimited number of Common Shares of which 29,117,900 were outstanding as at September 30, 2010. An additional 2,080,000 common shares were reserved for issuance in relation to stock options as at September 30, 2010, resulting in 31,197,900 shares on a fully diluted basis.

On August 13, 2010, the Company granted 640,000 stock options to officers, directors and consultants. The options are exercisable at \$0.15 per share and expire on March 28, 2014.

During the 2011 fiscal year, 1,020,000 stock options expired or were forfeited or cancelled.

As at the date of this MD&A, there were 29,117,900 Common Shares outstanding and 31,197,900 shares on a fully diluted basis.

On October 2, 2009, Gossan engaged T2W Market Liquidity ("T2W") to provide market liquidity services for its common shares listed on the TSX Venture Exchange. The term of the engagement is for a minimum of 12 months and is renewable thereafter on a month to month basis. T2W is a Mississauga-based private company which is in the business of providing market liquidity services to listed issuers. Harold Hoff, the principal of T2W, has more than 10 years experience as a pro trader and market-maker for a major, bank-owned investment dealer (please see Gossan news release 09-12 of October 2, 2009).

The market liquidity services to be provided include: maintaining a consistent and reasonable bid and offer spread for the common shares of Gossan; maintaining a reasonable board lot size for the bids and offer; and maintaining reasonable open orders at depth behind the best bid and offer.

T2W is entirely independent of the Company and will at all times be trading as principal for its own account and using its own capital. T2W's experienced trading staff will use their knowledge and discretion in providing these services and no assurance has been made as to any particular effect or result regarding the market for the Company's common shares. T2W has covenanted to operate in accordance with best trading practices at all times.

Selected Annual Information

The following selected financial information is derived from the financial statements of the Company and should be read in conjunction with such statements, including the notes thereto:

Statement of Operations and Deficit Data

Audited for the Year ending March 31	2010	2009	2008
	(\$)	(\$)	(\$)
Revenue – other	417	30,963	38,608
Gain on formation of joint venture	70,742	450,000	-
Administrative expenses – net	569,058	537,767	611,735
Stock Option Compensation expense	25,130	17,080	258,063
Mineral properties written off	2,099	11,416	Nil
Write-down of marketable securities	-	-	2,800
Investment mark-up (write-down) – TCN	139,322	73,620	38,840
Future income tax recovery	-	-	-
Loss for the year	385,806	11,680	795,150
Loss per Common Share (basic and fully diluted)	0.01	0.00	0.03

Balance Sheet Data

Audited for the Year ending March 31	2010	2009	2008
	(\$)	(\$)	(\$)
Total Assets	5,569,289	5,806,635	5,715,623
Long term liabilities	200,000	100,000	Nil
Total liabilities	372,063	264,933	179,321
Cash Dividends	Nil	Nil	Nil

Selected Quarterly Information

The following is a summary of selected financial information of the Company for the quarterly periods indicated:

2011 Unaudited	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(\$)	(\$)	(\$)	(\$)
Revenue – other	-	-	-	-
Gain on joint venture	-	20,102	-	-
Administrative expenses – net	146,045	119,638	-	-
Stock Option Compensation expense	-	44,160	-	-
Mineral properties written off	-	-	-	-
Investment mark-up (write-down) – TCN	42,822	11,380	-	-
Net & comprehensive loss (income)	103,223	132,316	-	-
- per common share	0.00	0.00	-	-

2010 Unaudited	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(\$)	(\$)	(\$)	(\$)
Revenue – other	409	3	1	4
Administrative expenses – net	98,912	156,059	109,885	204,202
Stock Option Compensation expense	(790)	-	-	25,920
Mineral properties written off	-	-	-	2,099
Investment mark-up (write-down) – TCN	39,722	41,597	38,238	19,765
Net & comprehensive loss (income)	57,991	114,459	71,646	385,806
- per common share (basic & fully diluted)	0.00	0.00	0.00	0.01

2009 Unaudited	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
	(\$)	(\$)	(\$)	(\$)
Revenue – other	16,565	14,865	(2,464)	1,997
Gain on formation of joint venture	-	-	-	450,000
Administrative expenses – net	109,835	109,039	108,830	210,063
Stock Option Compensation expense	456	18,703	3,388	(5,467)
Mineral properties written off	Nil	Nil	Nil	11,416
Investment mark-up (write-down) – TCN	17,562	6,834	17,331	31,893
Net & comprehensive loss (income)	76,164	106,043	97,351	(267,878)
- per common share (basic & fully diluted)	0.00	0.00	0.00	0.00

Over the past eight quarters net administrative expenses have ranged between \$98,912 and \$156,059, except for the Fourth Quarters which are seasonally higher (2010 – 204,202 and 2009 - \$210,063). Stock-based compensation expense for stock options, which is highly material, generally occurs in the quarter that stock options are granted. This non-cash expense is significant to the magnitude of the Company's loss and may be somewhat greater around the time of the Company's Annual Shareholders' Meeting when a larger number of options may be granted or when expiring options are replaced. Trading blackout

periods for insiders may also affect the timing of option grants. Mineral properties are written off from time to time when the management believes their value is impaired. Future income tax recoveries may be material and they are booked in the quarter following the issuance of flow-through shares. During fiscal 2009, there was a non-recurring gain of \$450,000 on the formation of the Bird River Joint Venture. In fiscal 2010, there was a gain on the joint venture of \$70,742. In fiscal 2011 to date, there was a similar gain of \$20,102. The Company also has \$250,000 of non-refundable deferred revenue carried as a liability on the balance sheet. For additional information regarding period to period variations, kindly refer to the Results of Operations and other sections of this MD&A.

Transactions with Related Parties

The following is a summary of the related party transactions of the Company during the six-month interim period ended September 30, 2010:

During the period, a director and the President was compensated \$36,000 for corporate management services (September 30, 2009- \$36,000) and is owed \$31,799 at September 30, 2010 (March 31, 2010 - \$17,143).

During the period ended September 30, 2010, a lead director for exploration was paid or accrued \$21,158 for geological field work (September 30, 2009 - \$24,450) and is owed \$3,413 as at September 30, 2010 (March 31, 2010 - \$2,888) by the Company.

Another former officer of the Company charged \$20,000 for management services (September 30, 2009 - \$15,000) and is owed \$nil at September 30, 2010 (March 31, 2010 - \$10,918).

During the period, the Company paid \$6,000 (September 30, 2009 - \$6,000) to a company, beneficially owned by the CFO, to act as Chief Financial Officer of the Company. The CFO is also the president of a firm providing accounting services to Gossan. During the period, the Company expensed \$12,728 (September 30, 2009 – \$10,705) for services rendered by this firm. In addition, as at September 30, 2010, this firm was owed \$12,202 (March 31, 2010 - \$8,750).

During the period ended September 30, 2010, fees were paid/accrued to Directors in the amount of \$nil for director's fees (September 30, 2009 - \$nil) for directors' fees, including committee fees and other board activities. In the 2010 and 2009 fiscal years, thirty percent of the fees paid to directors were retained by the Company for acquisition of the Company's common shares on the director's behalf. At September 30, 2010, \$66,300 (March 31, 2010 - \$66,300) was owed in regard to these directors fees.

The basis of compensation to related parties reflects market rates for similar services. These transactions are in the normal course of business and are measured at the exchange amount which is the amount established and agreed to by the parties.

The amounts due to related parties, which totals \$103,467 (March 31, 2010 - \$105,999) are unsecured, non-interest bearing and have no fixed terms of repayment.

Supplemental Information:

Expense comparisons for the interim periods:

	<u>September 2010</u>	<u>September 2009</u>
INVESTOR RELATIONS		
Canada (Press releases etc)	\$16,024	\$3,238
IR in Europe	9,000	9,000
Conventions & website	<u>15,240</u>	<u>29,525</u>
	<u>\$ 40,264</u>	<u>\$41,763</u>
OFFICE AND GENERAL		
Wages and benefits	\$ 17,884	18,212
Rent	12,167	9,626
Insurance	11,608	8,077
Office supplies & equipment	409	2,410
Telephone	2,741	4,388
Misc (courier etc)	<u>2,098</u>	<u>3,380</u>
	<u>\$46,907</u>	<u>\$46,093</u>
PUBLIC COMPANY EXPENSES		
Transfer Agent fees	\$ 2,581	\$7,059
TSX Venture Exchange	5,570	3,965
Professional Fees	41,070	26,598
Other (SEDAR etc)	<u>11,773</u>	<u>17,372</u>
	<u>\$60,994</u>	<u>\$54,994</u>
TRAVEL AND RELATED		
Domestic	\$ 8,365	\$9,162
United States	-	4,133
Other	<u>614</u>	<u>5,072</u>
	<u>\$ 8,979</u>	<u>\$18,367</u>

Changes in Accounting Policies

To date, Gossan has not earned significant revenues from its exploration properties and is thus considered to be in the development stage. Gossan was incorporated in 1980. In regard to CICA Accounting Guideline 11 (AcG11), management believes it is not appropriate to disclose cumulative-from-inception accounts and the required information is not readily available.

Future accounting changes

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board has confirmed that International Financial Reporting Standards (“IFRS”) will replace current Canadian GAAP for publicly accountable enterprises, including the Company, effective for fiscal years beginning on or after January 1, 2011.

Accordingly, the Company will report interim and annual financial statements in accordance with IFRS beginning with the quarter ended June 30, 2011. The Company's 2011 interim and annual financial statements will include comparative 2010 financial statements, adjusted to comply with IFRS.

IFRS Transition Plan

The Company has established a comprehensive IFRS transition plan to assist with the planning and implementation of its transition to IFRS. The following summarizes the Company's progress and expectations with respect to its IFRS transition plan:

Initial scoping and analysis of key areas for which accounting policies may be impacted by the transition to IFRS.	Complete.
Detailed evaluation of potential changes required to accounting policies, information systems and business processes, including the application of IFRS 1 First-time Adoption of International Financial Reporting Standards.	Complete.
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption alternatives.	In progress, completion expected during Q4 2010
Resolution of the accounting policy change implications on information technology, business processes and contractual arrangements.	In progress, completion expected during Q4 2010
Quantification of the Financial Statement impact of changes in accounting policies.	Throughout 2010
Management and employee education and training.	Throughout the transition process

Impact of Adopting IFRS on the Company's Business

As part of its analysis of potential changes to significant accounting policies, the Company is assessing what changes may be required to its accounting systems and business processes. The Company believes that the changes identified to date are minimal and the systems and processes can accommodate the necessary changes.

To date, the Company has not identified any contractual arrangements that may be affected by potential changes to significant accounting policies.

The Company's staff and advisers involved in the preparation of financial statements are being trained on the relevant aspects of IFRS and the anticipated changes to accounting policies. Employees of the Company that will be affected by a change to business processes as a result of the conversion to IFRS will also be trained as necessary.

The Board of Directors and Audit Committee have been regularly updated on the progress of the IFRS conversion plan, and made aware of the evaluation to date of the key aspects of IFRS affecting the Company.

First-time adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards* (“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 identified the following optional exemptions that it expects to apply 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.

Prior to reporting interim financial statements in accordance with IFRS for the quarter ended June 30, 2011, the Company may decide to apply other optional exemptions contained in IFRS 1.

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 will be consistent with those made under current Canadian GAAP. If necessary, estimates will be adjusted to reflect any difference in accounting policy.

Impact of Adopting IFRS on the Company’s Financial Statements

The adoption of IFRS will result in some changes to the Company’s accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements.

The following provides a summary of the Company’s evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas the Company has identified as having the most potential for a significant change. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an affect on the changes required to the Company’s accounting policies on adoption of IFRS. At the present time however, the Company is not aware of any significant expected changes prior to its adoption of IFRS that would affect the summary provided below.

1) Exploration and Evaluation Expenditures

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions.

The Company has yet to determine whether it will retain its current policy of deferring exploration and evaluation expenditures or expensing exploration and evaluation expenditures as incurred. Therefore the Company is uncertain whether the adoption of IFRS will result in any significant change to the related line

items within its financial statements. Should the Company expense these expenditures as incurred, there will be a material change to the related line items

2) 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 assets will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

3) Foreign Currency

IFRS requires that the functional currency of the Company and of its subsidiaries be determined separately and the factors considered to determine functional currency are somewhat different than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to foreign currency that would result in a significant change to line items within its financial statements at the Transition Date.

4) Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to share-based payments that would result in a significant change to line items within its financial statements.

5) Asset Retirement Obligations (Decommissioning Liabilities)

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 will be changed to reflect these differences, however the Company does not expect this change will have an immediate impact to the carrying value of its assets.

6) Property and Equipment

IFRS contains different guidance related to recognition and measurement of property and equipment than current Canadian GAAP.

The Company does not expect any changes to its accounting policies related to property and equipment that would result in a significant change to line items within its financial statements.

7) Income Taxes

In certain circumstances, IFRS contains different requirements related to recognition and measurement of future (deferred) income taxes.

The Company does not expect any changes to its accounting policies related to income taxes that would result in a significant change to line items within its financial statements.

The Company is still examining the tax effect of the issuance of flow-through shares on the financial statements.

Subsequent Disclosures

Further disclosures of the IFRS transition process are expected as follows:

- The Company's Management Discussion and Analysis for the 2011 interim periods and the year ended March 31, 2011 will include updates on the progress of the transition plan, and, to the extent known, further information regarding the impact of adopting IFRS on key line items in the annual financial statements.
- The Company's first financial statements prepared in accordance with IFRS will be the interim financial statements for the three months ending June 30, 2011, which will include notes disclosing transitional information and disclosure of new accounting policies under IFRS. The interim financial statements for the three months ending June 30, 2011 will also include 2010 financial statements for the comparative period, adjusted to comply with IFRS, and the Company's transition date IFRS statement of financial position (as at April 1, 2010).

Business Combinations, Consolidated Financial Statements and Non-Controlling Interests

The CICA issued three new accounting standards in January 2009: Section 1582, "Business Combinations" ("Section 1582"), Section 1601, "Consolidated Financial Statements" ("Section 1601") and Section 1602, "Non-Controlling interests" ("Section 1602"). These new standards will be effective for fiscal years beginning on or after January 1, 2011. The Company is in the process of evaluating the requirements of the new standards.

Section 1582 replaces section 1581 and establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standards IFRS 3 - "Business Combinations". The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Sections 1601 and 1602 together replace section 1600, "Consolidated Financial Statements". Section 1601, establishes standards for the preparation of consolidated financial statements. Section 1601 applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27 - "Consolidated and Separate Financial Statements" and applies to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the financial statements include the Company's estimate of recoverable value on its mineral properties as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The Company's recorded value of its mineral properties is based on historical costs that it expects to be recovered in the future. The Company operates in an industry that is exposed to a number of risks and uncertainties, including exploration risk, development risk, commodity price risk, operating risk, ownership, funding, and currency risk, as well as environmental risk. All of these factors are potentially subject to significant change, out of the Company's control, however such changes are not determinable. Failure to conduct additional work on its exploration properties may result in their loss. Accordingly, there is always the potential for a material adjustment to the value assigned to mineral properties.

The factors affecting stock-based compensation include the use of a Black-Scholes option pricing model which has its limitations and the use of estimates when stock options might be exercised and stock price volatility. While these factors could have a material impact on stock-based compensation expense and hence the results of operations, stock-based compensation is a non-cash item and there would be no impact on the Company's financial condition.

Capital Management

Gossan 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 equity, comprising capital stock, warrants, contributed surplus, accumulated other comprehensive loss and deficit which at September 30, 2010 totaled \$5,005,847 (March 31, 2009 - \$5,197,226).

Gossan manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the three and six months ended September 30, 2010. The Company is not subject to any externally imposed capital requirements.

Financial Instruments, Risk Management and Sensitivity

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, market risk (including interest rate, foreign exchange rate and commodity 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 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 and cash equivalents, short term investments and accounts receivable. Cash and cash equivalents and short term investments consist of cash on hand and term deposits with reputable financial institutions, from which management believes the risk of loss to be minimal.

Financial instruments included in accounts receivable are primarily deposits held with service providers. Management believes that credit risk concentration with respect to financial instruments included in accounts receivable is minimal. Accounts receivable also include sales tax receivable from government authorities in Canada

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2010, the Company had cash of \$206,207 (March 31, 2010 - \$496,639) and liquid short-term investments of \$20,004 (March 31, 2010 - \$20,004) to settle

current liabilities of \$174,526 (March 31, 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, other than Due to related parties which have no fixed terms of repayment.

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

In regard to interest rate risk, the Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company regularly monitors the investments it makes and is satisfied with the credit ratings of its banks.

The Company's functional 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.

The Company is exposed to price risk with respect to commodity prices. 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 it relates to valuable minerals to determine the appropriate course of action to be taken by the Company.

The Company has, for accounting purposes, designated its cash and cash equivalents and short-term investments as held-for-trading, which are measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities which are measured at amortized cost.

As at September 30, 2010, the carrying and fair value amounts of the Company's financial instruments are not materially different.

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

Held-for-trading assets include investment certificates totaling \$20,004 subject to varying interest rates. Sensitivity to a plus or minus 1% change in rates would affect the reported net income by approximately \$200. Similarly, as at September 30, 2010, reported shareholders' equity would have varied by approximately \$200 as a result of the 1% variance in interest rates.

The Company does not hold balances in foreign currencies to give rise to exposure to foreign exchange risk.

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 September 30, 2010, 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 and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

Mineral property risk is significant. In particular, if an economic ore body 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.

The Company's major mineral properties are previously described in the Mineral Property section. 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.

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 included in GAAP.

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	\$ 206,207	\$ -	\$ -
Short term investments	\$ 20,004	\$ -	\$ -

Disclosure and Internal Financial Controls

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 audited annual 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 audited annual financial statements and (ii) the audited annual 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 audited annual financial statements.

In contrast to the certificate required under Multilateral Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings (MI 52-109), the Company utilizes the Venture Issuer Basic Certificate which does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in MI 52-109. In particular, the certifying officers filing the Certificate are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and Uncertainties

Mineral exploration is a speculative venture. There is no certainty that expenditures on exploration and development will result in the discovery of an economic ore body. At the present time, the Company does not hold any interest in a mining property in production. The Company's viability and potential success lie in its ability to develop, exploit and generate revenue out of mineral deposits. Revenues, profitability and cash flow from any future mining operations involving the Company will be influenced by precious, base and other metal prices and by the relationship of such prices to production costs. Such prices have fluctuated widely and are affected by numerous factors beyond the Company's control.

The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Adverse commodity price will affect the ability to complete equity and other financing. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the property interests of the Company with the possible dilution or loss of such interests.

The Company needs to complete a financing in order to advance its exploration properties and replenish its working capital. Gossan is very dependent upon the personal efforts and commitment of its existing management who are not full-time employees of the Company. To the extent that management's services would be unavailable for any reason, the Company's operations could be disrupted.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to junior exploration companies. Current financial markets are likely to be volatile in Canada for the remainder of the calendar year and potentially into 2010, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. As well, concern about global growth has led to sustained drops in the commodity markets. Unprecedented uncertainty in the credit markets has also led to increased difficulties in raising funds. Junior exploration companies worldwide have been hit particularly hard by these trends. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration and development, particularly without excessively diluting the present shareholders of the Company. With continued market volatility and slower economic growth, the Company's strategy is to joint venture projects where possible; spend its funds in a prudent manner; and scale back on its exploration programs while maintaining the Company's flow-through commitment, if any (currently \$nil). The Company believes this strategy may enable it to meet these near-term challenges. The Company still has a strong belief in the exploration potential of its properties and hopes to emerge in a solid financial position once the economy moves into the next upturn of the commodity cycle.

Cautionary Note Regarding Forward-Looking Information

Except for statements of historical fact relating to Gossan, certain information contained in this MD&A constitutes “forward-looking information” under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company’s properties; the future price of precious, base and specialty metals; success of exploration activities; cost and timing of future exploration and development; requirements for additional capital and other statements relating to the financial and business prospects of the Company. Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: unexpected events and delays during permitting; the possibility that future exploration results will not be consistent with the Company’s expectations; timing and availability of external financing on acceptable terms and in light of the current decline in global liquidity and credit availability; the uncertainty of conducting activities within a joint venture structure; future prices of precious, base and specialty metals; currency exchange rates; government regulation of mining operations; failure of equipment or processes to operate as anticipated; risks inherent in precious and base metals exploration and development including environmental hazards, industrial accidents, unusual or unexpected geological formations; and uncertain political and economic environments. Although management of Gossan has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

Douglas Reeson
President and CEO
Gossan Resources Limited
Winnipeg, Canada
November 26, 2010