



RESOURCES LIMITED

**Management Discussion and Analysis  
For The Interim Period Ending September 30, 2019**

# Gossan Resources Limited

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE UNAUDITED INTERIM PERIOD ENDING SEPTEMBER 30<sup>th</sup>, 2019

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, 2019. The MD&A was prepared as of November 29, 2019 and should be read in conjunction with the related financial statements, including the notes thereto, and the audited annual financial statements for the year ended March 31, 2019, including the notes thereto, and the related MD&A. Results are reported in Canadian dollars, unless otherwise noted. The interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Committee ("IFRIC"). These financial statements are filed on the SEDAR website [www.sedar.com](http://www.sedar.com) where additional disclosure relating to the Company can also be located. Information is also available on the Company's website [www.gossan.ca](http://www.gossan.ca).

*All statements, other than of historical fact included herein, including without limitation, statements regarding potential mineralization, mineral resources, exploration results, the Company's ability to meet its working capital requirements for the twelve month period ending September 30, 2020, the plans, costs, timing and financing requirements for future exploration and development of the Companies properties and administrative expenses, and objectives of the Company are forward looking statements and involve various risks and uncertainties, which are outlined in the Section "Risks and Uncertainties" and "Cautionary Note Regarding Forward-Looking Information" of this MD&A. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.*

### Overview

Gossan is primarily engaged in the business of exploration and development of mineral resources. The Company acquired a property in the zinc-rich polymetallic Sturgeon Lake Greenstone Belt in northwestern Ontario where a winter drill program was completed in 2018. Gossan also has a broadly diversified portfolio of multi-element properties prospective for hosting gold, platinum group elements and base metals, as well as specialty "green-battery metals", vanadium, titanium, tantalum, lithium and chromium. Gossan has a large deposit of high-purity, magnesium-rich dolomite, and holds a \$100,000-per-annum advance and a production royalty interest in a frac sand deposit. All of Gossan's mineral exploration and development properties are located in Manitoba and Northwestern Ontario. None of Gossan's properties are currently in production. The Company's main focus is the exploration for zinc-rich polymetallic deposits at its Sturgeon Lake Property. Gossan is listed on the TSX Venture Exchange as a Tier 2 company and trades under the stock symbol "GSS". Gossan also trades on the Frankfurt-Freiverkehr & Xetra Exchanges under the symbol "GSR" (WKN 904435).

On March 6, 2012, Gossan sold its 66.3% controlling equity interest in The Claims Network Inc. (TCN), a service provider to the property and casualty insurance industry, for \$1.5 million. 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. On February 16, 2017, the Company received the final proceeds from the sale upon the release of an escrow of \$208,824.

On June 25, 2013, the Company announced the sale of its Manigotagan silica frac sand deposit, located near Seymourville, Manitoba.

On June 26, 2015, the Company announced the appointment Dr. Hamid Mumin, Ph.D. to its Board of Directors. Dr. Mumin, a distinguished geologist, is a professor in the Department of Geology at Brandon University and is acknowledged for his expertise in Volcanogenic Massive Sulphide (VMS); gold; and Iron Oxide Copper-Gold (IOCG) deposit types.

Gossan has acquired an exploration property near Sturgeon Lake in northwestern Ontario that is prospective for zinc-rich polymetallic deposits. In September 2016, the Company conducted a geochemical survey at the property in order to better define anomalous metal zones and determine the most prospective geophysical targets for drilling. During the winter of 2018, Gossan completed a preliminary drill program at the property. In the fall of 2018, a line cutting program and a gravity survey were completed to refine the location of future drill holes.

On November 16, 2016, the Company announced that it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. (“SRML”) for the provision of high-purity dolomite.

On August 23, 2017, James C. Campbell was appointed to the Board of Directors. Mr. Campbell is recently retired. Previously, he was an aviation executive and commercial pilot. Mr. Campbell has had a long involvement with the mineral exploration sector in Manitoba.

On February 14, 2018, Dr. Donald J. Robinson, a Professional Geologist with over 35 years of exploration and corporate development experience, has joined Gossan as a member of its Advisory Board.

On September 30, 2019, the Company held an Annual and Special Shareholders Meeting in Winnipeg, Manitoba. Douglas Reeson, Hamid Mumin, and James Campbell were elected to the Board. Mr. Thomson did not stand for re-election and the Company thanks him for his diligent past service.

Management is continuing to seek new financeable projects in Manitoba, North America, and globally, both within the mineral resource sector and more broadly.

## **Results of Operations**

The net loss and comprehensive loss for the three months ending September 30, 2019 was \$54,213 as compared to net loss and comprehensive loss of \$18,912 for the three months ending September 30, 2018. The increase in the net loss and comprehensive loss of \$35,301 primarily reflects a government grant in the prior period of \$100,000 and a reduction of exploration expenditures in the current period of \$53,143. Exploration & evaluation expenditures declined from \$53,771 to \$628 primarily reflecting the prior year’s activity at the Sturgeon Lake Property. General & administrative expenditures decreased by \$11,556 from \$65,141 to \$53,585 due to a one-time expense recovery.

The net loss and comprehensive loss for the six months ending September 30, 2019 was \$103,111 as compared to net loss and comprehensive loss of \$164,837 for the six months ending September 30, 2018. The decrease in the net loss and comprehensive loss of \$61,726 primarily reflects a government grant in the prior period of \$100,000 and a reduction of exploration expenditures in the current period of \$145,643. Exploration & evaluation expenditures declined from \$147,564 to \$1,921 primarily reflecting the prior year’s activity at the Sturgeon Lake Property. General & administrative expenditures decreased by \$16,083 from \$117,273 to \$101,190 primarily due to a one-time expense recovery.

The net loss and comprehensive loss for the year ending March 31, 2019 was \$292,453 as compared to net income and comprehensive income of \$45,098 for the year ending March 31, 2018. The increase in the net loss and comprehensive loss of \$337,551 primarily reflects the receipt of a government grant of \$100,000 in the current period for Sturgeon Lake exploration and a \$100,000 advance royalty payment, offset by a larger gain on disposition of a mineral property interest of \$874,898 – the Manigotagan Property - in the prior period, along with changes in operating activities. Exploration & evaluation expenditures decreased from \$499,095 to \$231,912 primarily due to a winter drill program and summer/fall gravity survey at the Sturgeon Lake Property and a fall field program at Separation Rapids. General and administrative expenses decreased by \$106,038 to \$260,541 from \$366,579 primarily due: to reductions in public company, investor relations and travel expenses, which included the board waiving director fees of \$38,000; and to non-cash stock-based compensation which declined by \$59,117 to \$11,616.

The net income and comprehensive income for the year ending March 31, 2018 was \$45,098 as compared to a net loss and comprehensive loss of \$280,609 for the year ending March 31, 2017. The increase in the net income and comprehensive income of \$325,707 primarily reflects a gain on disposition of the Manigotagan Property of \$874,898 and a lower gain on disposition of Claim Post Inc. shares and fair value adjustments of \$68,386; offset by increases in exploration & evaluation expenditures of \$408,712 and general & administrative expenses of \$72,093. Exploration & evaluation expenditures were \$499,095 as compared to \$90,383 in the prior comparative period. The Company conducted a legal survey on its Inwood Property to advance its development; a surface reconnaissance program to evaluate a new potential zinc project; prepared a comprehensive report and conducted a preliminary drill program at the Sturgeon Lake Property this past winter; and conducted an evaluation on the Bird River Sill. General and administrative expenses were \$366,579 compared to \$294,486 in the comparative period, primarily reflecting an increase in non-cash stock-based compensation of \$70,733 offset by a reduction in office & general of \$20,423 reflecting lower salary expense.

The net loss and comprehensive loss for the year ending March 31, 2017 was \$280,609 as compared to net loss and comprehensive loss of \$342,210 for the year ending March 31, 2016. The decrease in the net loss and comprehensive loss of \$61,601 primarily reflects an increase of \$65,114 in exploration expense and a gain on disposition of marketable securities of \$38,410 and, in the prior comparative period, by a gain on disposition of mineral property interest of \$25,000 offset by an improvement in the change of fair value of marketable securities of \$105,850. Exploration & evaluation expenditures were \$90,383 as compared to \$25,269 in the prior comparative period. Property-related expenditures are increasing as the Company initiates exploration at its new property in the zinc-rich polymetallic Sturgeon Lake Greenstone Belt and acquires other prospective properties. General and administrative expenses were \$294,486 compared to \$301,941 in the comparative period, primarily reflecting a \$29,907 increase in investor relations expense offset by a \$30,369 reduction in public company expense resulting from the elimination of a \$20,000 legal reserve related to the TCN transaction.

## **Mineral Properties**

Gossan's property portfolio consists of two components – new assets being currently explored and legacy properties. A new drill target report has been completed for the Sturgeon Lake zinc-copper-silver rich property in northwestern Ontario, incorporating the results of preliminary drilling conducted in the winter of 2018 and a subsequent gravity survey. The gravity targets show two significant gravity targets that are coincident with VTEM and geochemical anomalies, known sulfide-rich horizons, and extensive VMS-type hydrothermal alteration. The gravity bodies fit within the exploration model and strategy of Gossan and are considered very promising targets for further drilling.

The second component of the property portfolio consists of base & specialty metal and industrial mineral properties. Gossan continues to look for joint venture partners for, or purchasers of, these properties and

other means of generating cash flow, such as royalty income. On June 25, 2013 the Company announced the sale of its Manigotagan silica frac sand deposit, located near Seymourville, Manitoba. On November 16, 2016, the Company announced it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. (“SRML”) for the provision of high-purity dolomite. Both of these transactions provide the potential for a future royalty stream.

None of Gossan’s properties are currently in production. The continuing advancement of exploration and development at the Company’s properties is dependent upon future financings. The Company’s primary focus is its Sturgeon Lake Property where it completed a drill program during the winter of 2018 and a subsequent gravity survey. During the current period of industry-wide difficulties, management is otherwise focussing on retaining key legacy assets for longer term tenure and dropping lower-priority claims in its portfolio.

### Sturgeon Lake Property

Gossan’s Sturgeon Lake Property lies within the zinc-copper-silver-rich polymetallic Sturgeon Lake Greenstone Belt in northwestern Ontario. It was originally comprised of a 14 claim block totaling 3,088 hectares that has subsequently been expanded to over 4,500 hectares. The property is directly along strike and to the east of 6 Volcanogenic Massive Sulfide (VMS) deposits that were mined between 1970 and 1991. Approximately 18.7 million tonnes of ore was mined from these VMS deposits with typical grades of 8.0% zinc, 1.1% copper, 0.8% lead, 120 gpt silver and 0.5 gpt gold.

In November 2015, the Company staked three claims and on July 28, 2016, acquired an additional 12 claims from Excalibur Resources Ltd., along with a significant amount of recent exploration data. Work, conducted by Excalibur, includes: a VTEM electromagnetic geophysical survey by Geotech Ltd.; an Enzyme Leach geochem survey and a Soil Gas Hydrocarbon geochem survey, both processed by Actlabs; and the results of a limited drill program on the southeastern portion of the acquired claims, including drill core. The prior drilling intercepted favourable geological horizons containing blue-quartz-eye-rich rhyolites with hydrothermal alteration and sulphide mineralization similar to rhyolite formations hosting the nearby Sturgeon Lake and Lyon Lake deposits.

Gossan acquired the property to explore what it believes are the most prospective untested targets in the historic Sturgeon Lake Camp. They are located in the central and the west end of the property and are along strike and closest to the historic Sturgeon Lake and Lyon Lake cluster of ore deposits. Management believes this property has the potential to host significant zinc-copper-silver-gold-rich VMS polymetallic deposits.

The most notable former mines in the camp extracted high-grade zinc-copper-silver ores with associated lead and gold. These properties are currently held by Glencore and First Quantum Minerals. The grades and tonnages of these former producers are provided in the table below.

Historical Production from Mineral Deposits of the Sturgeon Lake Mining Camp 1970-1991

DEPOSIT	Grade					Metric Tonnes
	Zn (wt.%)	Cu (wt.%)	Pb (wt.%)	Ag (g/t)	Au (g/t)	
F Group	9.51	0.64	0.64	60.4	-	340,000
Matabi	8.28	0.74	0.85	104.0	-	11,400,000
Lyon Lake and SubCreek Zone	6.53	1.24	0.63	141.5	0.5	3,945,000
Creek Zone	8.80	1.66	0.76	141.5	0.5	908,000
Sturgeon Lake	9.17	2.55	1.21	164.2	0.5	2,070,000

\* Franklin et al (1995), Geology of Canadian Mineral Deposit Types: GSC

In the Fall of 2016, Gossan conducted a Biogeochemical Survey at its Sturgeon Lake Zn-Cu-Au-Ag VMS Property. This Survey provides increased resolution and better definition of metal anomalies over high priority VMS polymetallic drill targets that were previously identified in a VTEM geophysical survey, a soil geochemical survey and a SGH (Soil Gas Hydrocarbon) Survey.

This new detailed geobotanical survey provides excellent coverage in the target zones and provides better definition of anomalous Zn-Au-Ag rich zones coincident with the most prospective geophysical targets. The Biogeochemical Alder Survey was conducted on 22 lines over 23.4 line kilometres. A total of 444 samples were taken with the analyses conducted by ACME Labs Vancouver. Coincident geochemical anomalies associated with the recently identified biogeochemical Zn-Au-Ag anomalies include the highest possible ranking for VMS mineralization by SGH surveys, and zinc and copper metal anomalies from enzyme leach soil surveys. The target areas are hosted in part within blue quartz-crystal rhyolites with hydrothermal alteration and sulfide mineralization similar to the rhyolites that host the nearby deposits. We are highly encouraged by the coincident anomalies, presence of sulfide mineralization, favourable stratigraphy with evidence of strong alteration, and the close proximity on trend with a series of past producing mines. The coincident geochemical and geophysical anomalies will form the basis for a proposed drill program. In further preparation for diamond drilling, Gossan contracted Geotech Ltd. to carry out Maxwell Modelling of geophysical targets that are coincident with the geochemical anomalies. This study has been completed and resulted in well-defined drill targets that Gossan intends to explore.

Gossan has been permitted to conduct winter drill programs at the property with up to 20 drill pad locations.

A GPS survey was completed in August 2017 on 11 claims and an assessment report was subsequently filed to earn one year of assessment work credits on each of these claims.

In September 2017, a comprehensive report entitled the “Sturgeon Lake East Exploration Report and Recommendations for Diamond Drilling” was completed. The Report highly recommended a diamond drilling program of 2000 meters in up to 15 drill holes to test a series of prospective drill targets (A-D) defined along a corridor to the northeast of Glitter Lake, in the Sturgeon Lake VMS mining camp. The targets are defined by the coincidence of prospective geology with strong VTEM geophysical conductors and multiple geochemical indicators. Anomalous geochemistry includes the highest ranking for VMS deposits in SGH surveys, and Zn-Au-Ag (+ other metals) in an alder biogeochemical survey and an enzyme leach survey. Four distinct multi-parameter targets have been identified that warrant testing by diamond drilling.

The Report presents the results of a 2016 alder biogeochemical survey and 2017 geophysical modeling of the target areas using Maxwell EMIT modeling techniques for VTEM. The report also summarizes the results of 2010 geochemical (SGH and Enzyme Leach) and VTEM geophysical surveys carried out over the property, and summarizes the geology of the Sturgeon Lake region and Glitter Lake area as presently understood. The Report concludes with a recommendation for a winter drilling program.

During the winter of 2018, Gossan completed a preliminary drill program totaling 741 metres to initially test three of the four distinct high-priority, multi-parameter volcanogenic massive sulphide (VMS) target areas at the Sturgeon Lake Property. Two of four completed drill holes intersected significant separate zones of footwall style hydrothermal alteration with abundant stringer, semi- and near-massive-sulphides of pyrrhotite and pyrite with minor copper and up to 0.46% zinc indicative of VMS type systems in two separate areas.

The geology and alteration encountered appear similar to that of the nearby historic Lyon Lake, Sturgeon Lake, Creek and Sub-Creek ore bodies. Each of the two drill holes (SLG-18-01A, SLG-18-04) was collared within a wide zone of alteration and sulphide mineralization (including up to 80% near-massive sulphides), and requires step-back drilling to test the full width of the zone, as well as along strike drilling to test the extent of the two target areas. The two other drill holes intersected a third target area with significant widths of intercalated sulphidic and strongly graphitic tuffs with abundant pyrrhotite. A total of 380 samples were submitted for assay and geochemical analysis including a total of 16 standards and 12 blanks that were inserted for quality control purposes. The results obtained from AGAT Labs represent a level of quality satisfactory to Gossan's management. Samples were analyzed using a Sodium Peroxide Fusion digestion and gold was analyzed using standard fire assay methods. Anomalous zinc mineralization up to 0.46% was reported. Preliminary results from geochemical analyses indicate strong Eu and other geochemical anomalies consistent with a potentially productive VMS horizon in drill hole SLG-18-1A.

Gossan appreciates the funding support provided by the Northern Ontario Heritage Fund and the Junior Exploration Assistance Program (JEAP), administered by the Ontario Prospectors Association, for a funding rebate of \$100,000 for Gossan's Winter 2018 Sturgeon Lake Drill Program.

Gossan has staked additional ground along strike. The property has been expanded from 3,088 hectares to over 4,500 hectares.

Gossan has funded a B.Sc. Honours Thesis at Brandon University under the supervision of Dr. H. Mumin, to examine the mineralogy and geochemistry of altered and mineralized rocks of preliminary exploration drilling in the Glitter Lake area to determine the spatial relationship of these rocks to potential economic VMS mineralization. This research focused on the geochemistry of alteration and mineralization from the 2018 drilling, and indicates a large and strongly altered suite of rocks and sulphides, with strong indications of highly favourable horizons capable of hosting economic VMS deposits.

During August 2018, a field program was conducted comprised of line cutting and improvements to the drill trail.

During the Fall of 2018, Gossan completed a detailed gravity survey over the Sturgeon Lake East polymetallic VMS property in order to help delineate those areas with the greatest concentration of massive sulphides. The gravity survey was carried out in response to very encouraging results from a 4-hole drill program completed earlier in the year, which encountered wide intercepts of strongly altered rocks, and stringer, semi-massive and massive sulphides with anomalous copper and zinc values up to 0.46% Zn. The hydrothermal alterations encountered in the drill holes are similar to those at the Lyon Lake and Sturgeon Lake deposits, and along with ongoing geochemical studies indicate the area is highly prospective for economic VMS type deposits in two main target areas (A and D).

The gravity survey, conducted by MWH Geo-Surveys, defines several areas of high density rocks which are coincident with the previously defined VTEM, magnetic, and geochemical (Zn-Ag-Au) anomalies. The coincidence of the gravity anomalies with these previous surveys, known sulphide mineralization and favourable host rock geology, strongly suggests the presence of massive sulphide bodies.

In spite of the abundance of sulphides and alterations encountered in the first 4 drill holes in the preliminary drill program, the gravity survey suggests that they missed the main mass of possible sulphide material in all cases. The gravity survey shows two significant gravity targets that are coincident with VTEM and geochemical anomalies, known sulfide-rich horizons, and extensive VMS-type hydrothermal alteration. The gravity bodies fit within the exploration model and strategy of Gossan and are considered very promising targets for further drilling. A new report identifying specific drill targets has been completed.

The geology and alteration encountered during the 2018 winter drill program appears similar to that of the nearby historic Lyon Lake, Sturgeon Lake, Creek and Sub-Creek deposits. Each of the two drill holes (SLG-18-01A, SLG-18-04) was collared within a wide zone of alteration and sulphide mineralization, and require step-back drilling to test the full width of the zone, as well as along strike and deeper drilling to test the extent of the two target areas. The potential of these areas is reinforced by the current gravity survey.

Drill holes 18-2 and 18-3 intersected a third target area with significant widths of intercalated sulphidic and graphitic tuffs with abundant pyrrhotite and anomalous zinc mineralization up to 0.29%. This third area also requires additional drilling to test an associated strong gravity anomaly, which was missed by holes 2 and 3.

Gossan management is strongly encouraged by the results of exploration carried out on their Sturgeon Lake property to date.

On February 7, 2018, ODIN Metals Ltd (Australia) entered into a 3-year option agreement with First Quantum Minerals Limited to acquire a 100% interest in a 11.7 sq km property located west of Gossan's ground for three cash payments totaling \$475,000; a 1.5% NSR; and assumption of all historical liabilities with respect to the property, in excess of \$1,000,000 which will be funded by First Quantum.

On February 4, 2019, ODIN entered into a 3-year option to acquire a 50% interest in Glencore's Sturgeon Lake Properties by spending \$6.67 million on exploration and providing Glencore with an option to purchase 50 million shares of ODIN at AUD \$0.40 per share. Glencore also has the right to all off-take from the property and board representation in certain circumstances. Glencore is the operator.

On June 4, 2019, ODIN announced the completion of an airborne VTEM survey over its Sturgeon Lake Project.

On July 18, 2019, ODIN announced that Glencore, as operator, had commenced a 13 hole 6,400m drill program in five areas across the Project. Results for only one hole, which encountered significant widths of high-grade zinc, have been released. The drill program has been increased to 15 holes totaling 7,700 metres. For additional information go to [www.odinmetals.com.au](http://www.odinmetals.com.au).

Dr. Hamid Mumin, P.Geo., a director of Gossan, and a distinguished geologist, and professor in the Department of Geology at Brandon University is acknowledged for his expertise in VMS, gold, and iron-oxide-copper-gold (IOCG) deposit types. Dr. Mumin graduated from Geo-Engineering at the University of Toronto in 1985, where he also completed an M.A.Sc. in Economic Geology before completing his Doctorate degree and Post-Doctoral Fellowship at the University of Western Ontario in 1994, for his studies in lode gold deposits in the Ashanti and Carlin goldfields. Before joining Brandon University in 1995,

Hamid worked, over 6 years, as a mine, exploration and research geologist for Noranda at the Sturgeon Lake mining camp. In addition to teaching at Brandon, Dr. Mumin continues to consult for industry, both as a Professional Engineer and Geologist, managing projects in Canada and internationally. He was directly involved with several discoveries and mine developments. Dr. Mumin joined Gossan's Board of directors in 2015.

### Bird River Project

The Bird River Property, which covers over 4,500 hectares along 22 kilometres of the Bird River Sill Complex, is comprised of the Western (Ward's - Coppermine) Extension and 3 separate blocks of the Sill – the Chrome and its Extension, the Peterson and the Page Block - 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, immediately adjacent to the west and northwest of Grid Metals' (formerly Mustang Minerals') Makwa (formerly Maskwa) Deposit.

On April 8, 2014, Mustang announced the results of a NI 43-101 Preliminary Economic Study (PEA) conducted by RPA Inc. The PEA examined a proposed mining operation where ore is processed from two open pit resources (initially Makwa and then Mayville) with metal recovery at a central mill located at the Mayville site. The mining operation outlined is conventional truck and shovel operation with metal recovery by conventional flotation concentration. Proposed total mine life is 14 years with an average mining daily rate of 8,200 tonnes per day of mineralized material. Average annual production from the Project is 3,600 tonnes of nickel in concentrate, 8,700 tonnes of copper in concentrate and 9,800 combined ounces of platinum and palladium. The concentrator location is proposed to be at the Mayville site and Makwa material will be trucked to the Mayville concentrator, a distance of 43 kilometres. The Makwa deposit is a nickel dominant deposit with lesser contributions of copper, palladium and cobalt. The Mayville deposit is a copper dominant deposit with lesser contributions of nickel and palladium. Metallurgical testing has demonstrated that the deposits are amenable to flotation concentration. The PEA noted further optimization of the project including trade-off studies, metallurgical enhancement and additional drilling. The Mustang PEA calculated an Indicated Resource at Makwa of 7.2 million tonnes grading 0.61% Ni; 0.13% Cu; 0.01% Co; and 0.36gpt palladium and 0.10gpt platinum. The PEA estimated initial capex for the project at C \$208 million and the base case provided a pre-tax IRR of 17%. The PEA is filed on SEDAR and should be referred to for details.

As of March 24, 2012, Gossan holds a 100% interest in the Bird River Project as Stillwater Canada Inc. (Stillwater) resigned as Manager and withdrew from the Bird River Property Option and Joint Venture Agreement (originally with Marathon PGM) dated March 29, 2007.

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 Bird River Project by spending \$3.0 million on exploration and acquisition costs and making cash payments of \$500,000 to the Company. In the fall of 2010, Marathon was acquired by Stillwater Mining Company ("Stillwater").

On August 25, 2008, Marathon triggered the formation of a joint venture by making the final \$400,000 cash payment to the Company - the remaining portion of the \$500,000 trigger payment - and having expended in excess of \$3 million on the Bird River Project, including the acquisition of the Ore Fault property. As a result of the formation and the subsequent activity of the joint venture, Gossan received seven semi-annual \$50,000 non-refundable advance payments and this \$350,000 non-refundable balance has been recorded as a gain on the Bird River Joint Venture in the 2012 fiscal year.

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 Bird River Property and immediately north of Mustang Minerals' Makwa (formerly Maskwa) Property. Bird River Mines Inc. retains 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 was 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., a former joint venture partner, drilled nine holes in this area which encountered significant sulphide mineralization. This program was highlighted by hole BR-05-02 that intersected 13.75 meters 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 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. The Ore Fault Property lies within the area of influence and became 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, 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 MP-08-08, 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 MP-08-08 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 MP-08-03 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.

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 of 2009.

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). The summary of the NI 43-101 technical report outlining the resource estimates has been filed on SEDAR by Marathon PGM on February 26, 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, based on drill results up to the end of 2008, 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/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.

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 (ID<sup>2</sup>) interpolation was used to determine grade block values. Potentially economic resources were constrained within an optimized pit shell.

Current metal prices have changed from their 36-month trailing average price as at December 2008. The use of lower or higher metal prices would have the effect of reducing or increasing the size and value of the estimated resource. Inclusion of exploration results conducted since 2008 could improve the quality and size of the resource.

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 (%)
<b>Ore Fault</b>											
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
<b>Page Block</b>											
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. 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 NR-07-09 of June 11, 2007).

Prior to its acquisition by Stillwater Mining Company, Marathon continued prospecting at the Page Block and Ore Fault Zones to follow up on geophysical anomalies. The 22 km long section of stratigraphy 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 assisted in further refinement of the model of mineralization. Gossan contributed to the Winter, Spring, and Fall 2010 Programs which continued this work. In the fall of 2010, a trenching program was conducted between the Ore Fault Zone and the Page Block and the Zn-Cu-Ag mineralized zone was extended 150 metres to the north. Results from the best trench graded 0.22% copper; 0.22% zinc; and 12.5gpt silver over 3.0 metres.

In October 2011, Stillwater conducted a GPS hole location program of historic drill holes and a new revised internal ore resource calculation for the Page Block, using a new geological model and data from drill holes completed after the last resource calculation, was initiated but not completed.

Gossan's Bird River Property is located immediately adjacent to Grid Metals' (formerly Mustang Minerals') Makwa Property. Mustang's Makwa Deposit hosts a NI 43-101 Indicated Resource of 7.2 million tonnes grading 0.61% Ni; 0.13% Cu; 0.01% Co; and 0.36gpt palladium and 0.10gpt platinum. On April 8, 2014, Mustang announced the results of a NI 43-101 Preliminary Economic Study (PEA) conducted by RPA Inc. The PEA examined a proposed mining operation where ore is processed from two open pit resources (initially Makwa and then Mayville) with metal recovery at a central mill located at the Mayville site which is 43 kilometres away from Makwa. The PEA estimated initial capex for the project at C \$208 million and the base case provided a pre-tax IRR of 17%. The PEA is filed on SEDAR and should be referred to for details. The Makwa Deposit is located within a Provincial Park.

As of March 24, 2012, Gossan holds a 100% interest in the Property. During the term of the Joint Venture, Stillwater and formerly Marathon PGM made payments to Gossan of \$850,000 and incurred over \$4.7 million of exploration and acquisition expenditures at the Bird River Project over a 5 year period.

During 2006, Gossan received a substantial amount of data on the Bird River Property 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 meters 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.

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](http://www.gossan.ca/jigu.pdf).

In June 2012, the Company provided Michel Houlé, Ph.D., P.Ge., Geological Survey of Canada, access to the Bird River Property and its core facility to research and investigate a newly proposed geological model of multiple igneous bodies instead of one single fault displaced intrusion and provide comment on its implication for future exploration programs. Gossan's goal will be to better understand the stratigraphic context of these igneous bodies and their relationships with the Chrome, Nickel sulfides and PGE mineralization.

Houlé of the GSC has concluded that the Bird River Greenstone Belt (BRGB), where Gossan's property is located, is part of a larger Uchi-Oxford-Stull-La Grande-Eastmain superdomain which outlines a major Cr-Ni-Cu-PGE-V metallotect within the Superior Province. In the BRGB, significant Ni-Cu-(PGE) magmatic sulphide and chromite resources are identified within nine mafic and ultramafic intrusions. These intrusions are distributed over a strike length of 75 km laterally and 20 km across and, despite some compositional differences, are interpreted to derive from a single large mafic-ultramafic magmatic event at ca. 2743 Ma that extended on either side on the Maskwa Lake Batholith (Houlé et al., 2013, 2014; Bécu et al., 2013).

Going forward, higher nickel prices and consolidation of the adjacent deposits along the Bird River Sill would improve the economic prospects of the Bird River Project.

#### Rice Lake Gold Royalties

The Company holds two net smelter return royalties in the Rice Lake Gold belt near Bissett, Manitoba. Gossan holds NSR interests on two gold properties – the Angelina held by StrikePoint Gold Inc. and the Topo held by Golden Pocket Resources Ltd.

#### Inwood High-purity Dolomite Project

The Inwood Magnesium Dolomite Property is located in south-central Manitoba, 80-km north of Winnipeg. The Property covers 1,583 hectares (3,914 acres) holding near or at surface beds of high-purity dolomite that are above the water table. The Property hosts a substantial resource identified in a National Instrument 43-101 resource report. The current focus of the Project is the identification of viable markets for high-purity dolomite.

Gossan also holds 3 additional claim blocks in the area totaling over 4,400 hectares. These Northern Claim Groups also hold near or at surface beds of dolomite that are above the water table.

On November 16, 2016, Gossan announced that it had entered into an Exclusive Supply Agreement with Sediment Research & Minerals Ltd. ("SRML") to be its sole provider of high-purity dolomite. SRML has

identified several markets for dolomite and also has access to Akwaton®, a trademarked synthetic polymer, and other polymers. These polymers have a number of applications that require high-purity dolomite.

Under the terms of the exclusive supply agreement, Gossan will receive a production royalty on all dolomite sold to SRML of \$1.00 per tonne for products with a price of less than \$70 per tonne and a royalty of 2% for products with a price of \$70 per tonne or greater. Gossan will also retain an equity interest in any project.

Sediment Research & Minerals Ltd (SRML) is a Manitoba-based, privately-owned, “green” company. SRML intends to utilize its proprietary processes to develop a set of high-value by-products. Markets for these innovative specialty products potentially include agriculture, aquaculture, human & animal healthcare, mineral development & tailings remediation and wallboard construction.

On February 14, 2017, Gossan received approval to access, explore, and extract up to 10,000 tonnes of dolomite from a proposed test quarry.

On May 12, 2017, Gossan received a legal survey which it conducted on the Ant claim and the 2 quarry leases therein, to advance the development of the dolomite project.

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 September 8, 2008 Gossan announced the findings of the Watts, Griffis, McQuat National Instrument 43-101 Report (Final) on the Inwood Dolomite Project. The final report utilized a more sophisticated block modeling technique than an initial report. Total residue for the Fisher Branch resource was reduced to 0.34%.

The Inwood Property hosts a very-large, high-quality deposit with the report estimating 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. The area provides typical habitat for garter snakes and grouse amongst other species, and alvar vegetation. Portions of the Inwood Property are part of a wildlife management area. The Fisher Branch resource is in an area of the property which is not within a wildlife management area.

Gossan contracted Jim Collinson, the former head of Canada's delegation to the OECD High Level

Committee on Environment and Economy and the President of the UNESCO World Heritage Committee, to conduct a site visit at Inwood, which took place May 3, 2012 to study all environmental factors pertaining to the Inwood Property. Collinson made various recommendations to mitigate environmental concerns.

The Peguis First Nation has filed a Treaty Land Entitlement (TLE) in a large area in southeastern Manitoba which includes the Inwood area. Gossan has initiated an engagement process with the Peguis First Nation (PFN). The PFN is considered a pro-business band and their potential involvement could lead to additional support for the Inwood Project.

Between 2007 and 2013, the Company collaborated on the development of a new high efficiency magnesium metal production process being developed by Douglas J. Zuliani, known as the Zuliani Process. Despite considerable success in advancing the process and its development, the agreement with Dr. Zuliani expired in early 2013, at a time when considerable uncertainty developed regarding the outlook and future of the magnesium market. China produces about 85% of the world's magnesium. As of January 1, 2013, China dropped its 10% export duty on magnesium ingot which resulted in a softening of magnesium prices. China is fully committed to remaining the world's dominant magnesium producer.

Since the fall of 2015, Gossan has been collaborating with a third party, Sediment Research & Minerals Ltd. ("SRML"), to assess the quality and nature of the Inwood dolomite for various uses and applications. Over this period, testing was conducted on two dolomite samples in both Canada and Germany with positive results. SRML also has access to Akwaton®, a trademarked synthetic polymer. The polymer has a number of applications that require high-purity dolomite. SRML also has access to other polymers. On November 16, 2016, Gossan announced that it had entered into an Exclusive Supply Agreement with SRML to be its sole provider of high-purity dolomite. Gossan will receive a production royalty and also retain an equity interest in any project.

#### Pipestone Property

The Pipestone Project is a 50% owned joint-venture with Cross Lake Mineral Explorations Inc., a wholly-owned private corporation of the Cross Lake First Nation. Gossan is continuing to encourage engagement with the Cross Lake Band Council and the Chiefs of the Pimicikamak Okimawin Four Councils in discussions regarding the development and/or sale of its mineral rights at the Pipestone Property.

In July of 2016, after a short hiatus, discussions pertaining to the future of the Pipestone Property resumed with the Pimicikamak Okimawin. Gossan was advised that Pimicikamak Okimawin has completed their due diligence process and would be in a position to extend a formal purchase offer to Gossan for the Pipestone mineral rights. There is no indication that any offer will be immediately forthcoming. On July 13, 2018, a new Chief and Band Council were elected at the Cross Lake First Nation. An initial meeting was held with the new Chief, Councilors and advisors and Gossan's management in December of 2018. Subsequently, on May 7, 2019, a new Chief and Band Council were elected and an initial meeting, lead by the Vice-Chief, was held on October 1, 2019.

The Pipestone Property is currently comprised of 11 claims and covers 2,578 hectares. On 9 of the claims, assessment work requirements have been temporarily deferred. The other two claims totaling 278 hectares are in good standing with tenure that extends to at least 2030.

In October of 2009 and 2010, 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 105 drill 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 program has resulted in a complete digital data base georeferencing the grid, the drill hole locations, and the ground magnetic survey onto a topographical base.

A field program to re-cut and clear some sections of the baseline and gridlines was conducted in the summer of 2011. During the program the Resource Rangers re-cut approximately 17 km of the grid, including sections of the 10.2 km baseline.

Gossan continues to encourage engagement and further consultation with its partner, the Cross Lake First Nation, in regard to the development or sale of the Pipestone Vanadium Project. It is a timely moment in the commodity cycle of vanadium with new electrical storage applications potentially requiring a number of new vanadium mines. In February 2011, Gossan management met in Cross Lake with the Chief and Band Council of the Cross Lake First Nation and presented an all-day orientation session about exploration & mining in general and how it relates to the Pipestone Lake Deposit specifically. Several meetings were conducted over the summer and fall of 2011 with representatives of the Cross Lake First Nation and the Manitoba government to investigate a means to resolving some of the historical issues which have been a barrier to the development of the Pipestone Project.

During the fall of 2011, Gossan intensified its engagement activities with the Cross Lake First Nation and the local community. Gossan held information meetings at Cross Lake in October and November of 2011. Further discussions were held in Winnipeg later in November with representatives of the Cross Lake Band Council and the Chiefs of the Pimicikamak Okimawin Four Councils in regard to advancing the development of the Pipestone Vanadium Project.

On March 2012, Gossan was involved in further engagement at Cross Lake and was a participant at the community's annual Career Day.

In the fall of 2015, Gossan again pursued the development of the Pipestone Lake Project with representatives of the Cross Lake Band Council and the Chiefs of the Pimicikamak Okimawin Four Councils. On November 10, 2015, the Company called a meeting of the Management Committee of the Pipestone Lake Project. The representatives of Cross Lake Mineral Explorations Inc. did not attend the meeting nor a recalled meeting on November 17, 2015. At the recalled meeting, it was resolved that the Pipestone Lake Project's mineral claims be managed to insure that the people of Cross Lake and the shareholders of Gossan will benefit from the future development of the Pipestone Lake Project.

In December of 2015, at the request of the Cross Lake First Nation and the Pimicikamak Okimawin, Gossan met with their representatives and legal counsel to discuss the future of the Pipestone Property.

In July of 2016, after a hiatus, discussions pertaining to the future of the Pipestone Property resumed with the Pimicikamak Okimawin.

The Pipestone Lake Property is located in north central Manitoba, approximately 150km south of Thompson and 550km north of Winnipeg. It is situated within Northern Flood Agreement Selection Site 1.9, an area that is otherwise withdrawn from staking as a potential and possible future site for a reserve. 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% TiO<sub>2</sub>, 28.11% Fe<sub>2</sub>O<sub>3</sub> 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.

A preliminary mine plan has been prepared for the Pipestone deposit by Reedman and Associates which classifies various tonnage according to titanium dioxide cut-off grades, provides proposed open pits, and estimates stripping ratios; however more detailed drilling is required to support a 30,000 tons per day operation. Additional metallurgical and other studies are required in order to assess the economic feasibility of the deposit. The operation of an open-pit mine of this magnitude would be expected to require 400-500 workers on a long-term basis.

Currently, about 85% of vanadium is used in the steel industry as a strengthener. Various nations are mandating stronger steel rebar in construction and building codes, likely increasing vanadium demand.

On February 9, 2018, China announced new rebar standards which were implemented in November 2018 and to be phased in over 3 years.

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. New electrical transmission grids are increasingly difficult to get approved and expensive to build.

In February of 2019, the USGS estimated mine production of vanadium metal at 73,000 tonnes in 2018 and 71,200 tonnes in 2017. 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 rapidly increasing forecasts of new green demand from auto batteries for electric vehicles and from grid-scale redox storage batteries. Any substantial increase in green demand would lead to the need for new primary vanadium producers with production sold on long-term contracted prices. The change in the pricing mechanism would also improve the ability of financing new vanadium mines.

Vanadium pentoxide prices bottomed in early 2016 at about US \$2.50 per pound. Prices increased during 2017 and 2018 with a peak price of over US \$11.00 per pound in 2017 and US \$28.00 per pound in 2018. The current market price is in excess of US \$5.00 per pound.

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

Gossan is continuing to encourage engagement with the Cross Lake Band Council and the Chiefs of the Pimicikamak Okimawin Four Councils in discussions regarding the development and/or sale of its mineral rights at the Pipestone Property. On July 13, 2018, a new Chief and Band Council were elected at the Cross Lake First Nation. An initial meeting was held with the new Chief, Councilors and advisors and Gossan's management in December of 2018. Subsequently, on May 7, 2019, a new Chief and Band Council were elected and an initial meeting, lead by the Vice-Chief, was held on October 1, 2019.

#### Separation Rapids Property

The 267-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 Advanced Materials Inc.'s (formerly Avalon Rare Metals Inc.) Big Whopper property, one of the largest rare metal pegmatite deposits in the world.

In the Fall of 2018, Gossan conducted a 4-man field program at the Property. A detailed examination of the pegmatite zone which was identified in the 2009 program, showed that there were many more unmapped pegmatite outcrops in the zone. The pegmatite outcrops, which appear to be on strike with the Big Whopper Pegmatite, were mapped and sampled with the best assay being 1.06% Li<sub>2</sub>O. Minor lepidolite was also noted in several locations. A trenching program was recommended to strip the overburden off the ends of the outcrops to assess their full width and understand their emplacement.

In January 2019, the claim position was also reviewed and a number of partial claim cells, over water, were dropped to improve the property's long-term tenure.

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-person 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 analysed 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 analysed 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](http://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](http://www.tsllabs.com).

On May 27, 2014, Avalon announced it had achieved considerable progress with a metallurgical testwork program underway in Europe, in which a high purity concentrate of the lithium bearing mineral petalite for glass-ceramics applications has been successfully produced. The process generates both a low-iron petalite concentrate and a low-iron mixed (potassium/sodium) feldspar by-product suitable for the ceramics industry.

On September 3, 2014, Avalon announced bench scale production of 20 kg of a very high purity lithium mineral (petalite) concentrate with over 4.0% lithium oxide content and less than 0.01% iron oxide. This material may be highly suitable for certain glass and ceramics applications. Samples are being provided to potential industrial buyers.

On August 17, 2015, Avalon announced the commencement of a \$750,000 pilot plant program to provide a trial of the new lithium minerals process flow sheet developed in bench scale testing over the past year. A total of 30 tonnes of crushed ore will be shipped for processing to a laboratory in Germany to produce a minimum of 1 tonne of pure lithium mineral (petalite) concentrate. The petalite concentrate will be used to provide product samples to potential customers in the glass-ceramics industry and for additional process development toward producing an ultra-high purity lithium chemical product for use in the manufacture of lithium ion rechargeable batteries. Avalon intends to rehabilitate its road access to the Big Whopper deposit in September 2015.

On April 5, 2016, Avalon announced pilot processing had successfully produced one tonne of high-purity lithium mineral concentrate. Some of the concentrate will be used for further development work towards production of a high purity lithium chemical for battery applications. The balance of the concentrate will be shipped to potential customers in the glass industry for glass-ceramic applications. The company is assessing the potential production of several valuable by-products including high-purity silica, feldspar and tantalum. This summer, Avalon intends to produce a Preliminary Economic Assessment for the project.

On May 25, 2016, Avalon announced that it has initiated its lithium hydrometallurgical process development work with a focus to produce a lithium hydroxide product suitable for use in lithium ion batteries. A complete process flow sheet is being developed; additional by-products are being assessed; and various equipment is being investigated to prepare capital and operating costs estimates under various production scenarios. Additionally the company is considering a “run-of-river” hydro project and considering a diamond drilling program. Following the completion of the PEA this summer, Avalon intends to proceed into a full feasibility study and environmental assessment.

On September 27, 2016 and October 25, 2016, Avalon announced the results of a NI 43-101 Preliminary Economic Study (PEA) prepared under the oversight of Micon International Limited. The PEA investigated the potential for recovery of a lithium product suitable for the lithium battery market and the results confirm a technically viable process and positive economics for the recovery of a battery-grade lithium hydroxide product.

The PEA proposes a mine life of 10 years at a rate of 950,000 tonnes per annum. This would yield an average annual production of 14,500 tonnes of lithium hydroxide for 10 years and 100,000 tonnes per year of feldspar mineral concentrate for 20 years. The PEA noted further optimization potential for the project. The PEA utilized an existing Measured and Indicated Mineral Resource estimate of 8 million tonnes averaging 1.29% lithium oxide and 39% feldspar. The PEA estimated total project capex at \$514 million and the base case provided a pre-tax IRR of 19% and 16% after tax. The average lithium hydroxide price assumption used in the PEA was US \$11,000 per tonne with a US\$/CDN\$ exchange rate of \$1.30. The PEA is filed on SEDAR and should be referred to for details.

On December 23, 2016, Avalon announced that it is planning a drill program in early 2017 with a goal of expanding the existing resource. Included in the drill program will be the investigation of an open sub-zone east of the petalite resource which contains lepidolite, a lithium-rubidium mica typically containing approximately 8% Li<sub>2</sub>O.

On January 25, 2017, Lepidico Ltd, an Australian company, announced that utilizing its patented L-Max<sup>®</sup> hydrometallurgical process technology, it produced battery grade lithium carbonate grading 99.88% from

a 30% lithium mica grading 2.2% Li<sub>2</sub>O.

On February 6, 2017, Avalon announced that laboratory results conducted by Lepidico Ltd produced a 99.88% pure lithium carbonate product from its lepidolite lithium mica. Avalon and Lepidico have recently entered into a non-binding letter of intent to collaborate in the future.

On July 18, 2017, Avalon announced the results of its Spring 2017 5-hole drill program to investigate lepidolite, which included two holes located between the eastern side of existing deposit and the claim border with Gossan's ground, a distance of about 1000 metres. Both holes intersected pegmatite mineralization with visible petalite and/or lepidolite content. Gossan has 3 showings of lepidolite in outcrop along strike.

On November 16, 2017, Avalon announced that it was proceeding with three key metallurgical testwork programs designed to optimize its lithium process flowsheets and prepare for final engineering of its Phase 1 demonstration scale production facility.

On February 23, 2018, Avalon announced that it had completed its Winter 2018 6-hole drill program. Two holes were drilled on the eastern side of the deposit, one of which encountered an approximate true width of 20 metres of mainly lepidolite-petalite mineralization.

On August 21, 2018, Avalon announced an updated PEA with a new staged development model that materially reduces the capital cost of the project from a contemplated \$450 million to a phase 1 estimate of \$77.7 million. The new model focuses on initial production of lithium mineral concentrates. The PEA was prepared by Micon International Limited. Avalon has also updated its Measured and Indicated Resource to 8.405 million tonnes at 1.408% Li<sub>2</sub>O.

On September 13, 2019, Avalon announced that it was planning to extract up to a 2,500 tonne bulk sample for trial processing to recover petalite product for customer evaluation in the glass and ceramics sector and for process flowsheet optimization.

Gossan conducted a field program in the Fall of 2018 on its Separation Rapids Property which is on strike and immediately adjacent to The Big Whopper Deposit and a GPS survey in December of 2015.

Historically, the highest and best currently known use for material from the Separation Rapids Property was likely as an input to the glass industry. However Avalon has made material progress in approaching a higher and better use in the lithium battery market and other more valuable by-products. No major fieldwork is currently being planned at the Property by Gossan while we wait to assess the economic viability of various aspects of Avalon's test work.

#### Frac Sand Royalty

Gossan holds a significant royalty on 9 quarry leases within a high-quality frac sand deposit, owned and operated by Canadian Premium Sand Inc. (TSX.V:CPS), known as the Wanipigow (formerly Seymourville) Frac Sand Project. Canadian Premium Sand is currently in the process of developing this permitted project into production in the near-term.

Under the terms of the royalty agreement, semi-annual advance royalty payments of \$50,000 each are payable as of June 18<sup>th</sup> and December 18<sup>th</sup> of each year. All frac sand produced, sold and paid from the nine Manigotagan leases (formerly held by Gossan) is subject to a \$1.00 per tonne production royalty payable quarterly and all other products are subject to a \$0.50 per tonne production royalty. Although the royalty is solely payable on production from the Manigotagan leases, the agreement also provides for a

minimum production royalty from both the Manigotagan and the adjacent Seymourville properties held by Canadian Premium Sand, based on their relative mining reserves of frac sand at the time of permitting. Canadian Premium Sand can acquire one-half of Gossan's production royalty interest for \$1.5 million during the three years after commencing commercial production and \$2 million for a further two years.

On June 12, 2019, Canadian Premium Sand announced the results of a new Preliminary Feasibility Study (PFS); a new Mineral Resource; and that it had obtained all necessary approvals from the Hollow Water First Nation, the local community of Seymourville and the Province of Manitoba. Additionally the Canadian Minister of Environment and Climate Change confirmed that the project would not require environmental assessment under federal law CEAA 2012.

As part of the PFS, and based on an additional 93-hole sonic drill program, a NI 43-101 Mineral Resource was defined at 49.6 million tonnes of Measured & Indicated and 97.3 million tonnes of Inferred. Additionally, a 30.6 million tonne Proven & Probable Mineral Reserve was defined.

The PFS estimated a 25-year mine life; initial capex of \$220 million and sustaining capital of \$110-\$115 million; an after-tax net present value of \$220 million (discounted at 8%); and an after-tax internal rate of return of 20.2%. The mining method is expected to be a conventional open pit quarry employing typical truck and excavator operations. The project is expected to produce an average of 1.2 million tonnes of product per year. Subsequently, On July 18, 2019, Canadian Premium Sand announced that it was conducting a comprehensive capital optimization review to identify cost reductions to capex outlined in the PFS and a scaled market-entry strategy. Refer to SEDAR or <https://www.canadianpremiumsand.com/>.

On November 18, 2019, CPS advised of its intention to update its Preliminary Feasibility Study with the goal of materially reducing the project's capital costs. CPS is working with a third party project advisor with extensive operating experience. CPS has also launched a sales channel initiative towards establishing the company as a frac sand supplier to the Canadian market. The first frac sand shipment has been made, sourced from an operating mine in Wisconsin. For additional information go to [www.canadianpremiumsand.com](http://www.canadianpremiumsand.com).

The Manigotagan Property is located 170 km northeast of Winnipeg where Gossan held a silica sand deposit at Seymourville, on the east shore of Lake Winnipeg, directly across from Black Island where silica sand was extensively quarried prior to the island becoming a Provincial Park.

On June 25, 2013, Gossan entered into a purchase and sale agreement to vend its Manigotagan Silica Frac Sand Project, comprised of 9 quarry leases located near Seymourville Manitoba, to Claim Post Resources Inc., now Canadian Premium Sand Inc. Gossan had been seeking a joint-venture partner or a purchaser for the Project since completing a marketing study in late 2010. In 2012, Claim Post acquired the adjacent Seymourville Property to the south and announced plans to develop a frac sand operation. The consolidation of the two properties should improve the viability of the project.

To June 18, 2019, Canadian Premium Sand, formerly Claim Post Resources, has made total property payments of \$1.28 million cash; 4 million shares of Claim Post (subsequently sold); and advance royalty payments of \$400,000. The next advance royalty payment of \$50,000 is due December 18, 2019.

In 2006, Gossan conducted a 23-hole core and auger drill program at the 306-hectare Manigotagan Silica Property and in 2008 followed up with a 26-hole sonic drill program. These drill programs were successful in outlining two material zones of high-purity silica sand with limited overburden.

In 2009, Gossan commenced testing the silica sand for use as frac sand proppant, resulting in consistent ISO 9K Proppant ratings for various mesh fractions. Pressure conductivity tests were also conducted with

positive results.

In 2010, Gossan retained a marketing consultant for the project. The marketing study established that the highest and best use of Manigotagan silica sand is as frac sand proppant used in the oil and gas sector. The study provided an assessment of candidates suitable for a strategic partnership in Gossan's Project.

Canadian Premium Sand is now the registered owner and operator of the Manigotagan Property which is a significant component of its Wanipigow Silica Sand Project at Seymourville, MB. Gossan will continue to participate in the frac sand industry through significant royalty interests.

#### Mineral Exploration, Evaluation & Acquisition Expenditures

For the period ending September 30,	2019	2018
Acquisition	\$ 1,075	\$32,174
Field Programs	-	25,439
Drilling	-	20,468
Assaying	-	15,796
Geological Consulting & Project Management	-	45,482
Evaluation	846	8,295
Total	\$ 1,921	\$ 147,654

Hamid Mumin, P.Geol., a Gossan Director 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

On March 6, 2012, Gossan sold its 66.34% controlling equity interest in The Claims Network Inc. (TCN), a service provider to the property and casualty insurance industry for \$1.5 million. Under the terms of the sale agreement, a restricted cash escrow of \$200,000 had been established pertaining to specific contingencies. 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 (see NR-12-03 dated March 7, 2012). On February 16, 2017, the Company received the final proceeds from the sale of TCN upon the release of an escrow of \$208,824, inclusive of \$8,824 in interest.

#### Proposed Transactions

There is no imminent decision by the Board of Directors of the Company with respect to any transaction beyond what is contemplated in this document.

#### Liquidity and Capital Resources

At September 30, 2019, the Company had negative working capital of \$104,891 which reflects a decrease of \$91,111 since March 31, 2019. This reduction primarily reflects the Company's on-going administrative expenses and exploration & evaluation activity. At September 30, 2019, Gossan had cash and short-term investments of \$46,601 down from \$81,895 at March 31, 2019. As at September 30, 2019, accounts payable and accrued liabilities were \$26,063 and amounts due to related parties were \$143,846 for total liabilities of \$169,909. The Company had current liabilities of \$154,248 at fiscal year-end 2019.

Gossan appreciates the funding support provided by the Northern Ontario Heritage Fund and the Junior Exploration Assistance Program (JEAP), administered by the Ontario Prospectors Association, for a funding rebate of \$100,000 for Gossan's Winter 2018 Sturgeon Lake Drill Program. This amount was accrued at September 30, 2018, and subsequently received.

For the year ended March 31, 2019, the board waived director fees of \$38,000 (2018 - \$33,832). As at September 30, 2019, \$38,082 (March 31, 2019 - \$62,082) was outstanding in regard to current and prior years directors fees, including \$27,166 (March 31, 2019 - \$41,166) held for the purchase of the Company's common shares. In addition to fiscal 2019, the Company's directors elected to waive their directors fees for fiscal 2014 and 2013, amounting to \$44,000 and \$45,000, respectively.

The Company does not have sufficient cash on hand to meet operational expenses for the next 12 months. Gossan will continue to rely on equity financings in the future in order to advance its exploration properties and replenish its working capital. At some point, certain mineral properties could be sold to third parties or spun-off to Gossan's existing shareholders to generate cash. Gossan is entitled to receive advance royalty payments and royalty payments as the result of prior property dispositions and such receipts remain uncertain and subject to credit risk. The Company is still in the exploration and evaluation 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. Management is continuing to seek new financeable projects in Manitoba, North America, and globally, both within the mineral resource sector and more broadly. New additional funding will be required in the future to fund the development of any existing or new project, including the Sturgeon Lake Property.

The Company's ability to raise additional funds and its future performance is largely tied to the financial markets related to junior exploration companies. Concern about slow global growth, currency values and other issues has led to sustained volatility in the commodity markets. Current investor interest in the junior mineral exploration sector is muted. 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 focus on development projects. 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 33,827,900 were outstanding as at September 30, 2019. An additional 1,952,500 common shares were reserved for issuance in relation to stock options as at September 30, 2019, resulting in 35,780,400 shares on a fully diluted basis.

On September 21, 2018, 50,000 stock options were exercised at \$0.08 per common share for gross proceeds of \$4,000.

On September 27, 2019, 197,500 stock options were exercised at ~\$0.07 per common share for gross proceeds of \$12,000.

On March 29, 2019, Gossan awarded 330,000 incentive stock options exercisable at \$0.07 per common share to officers, directors, employees and consultants of the Company with an expiry date of March 29, 2024. This grant of options is in compliance with the terms of the Company's Stock Option Plan.

On November 19, 2019, Gossan awarded 320,000 incentive stock options exercisable at \$0.06 per common share to officers and directors of the Company with an expiry dates of March 21, 2023 and September 21, 2024. This grant of options is in compliance with the terms of the Company's Stock Option Plan.

As at the date of this MD&A, there were 33,827,900 Common Shares outstanding and 36,100,400 shares on a fully diluted basis.

The issue of common shares of the Company upon the exercise of the options and warrants, if any, will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

### Selected Annual Information

The following is selected financial data derived from the audited financial statements of the Company for the years ended March 31, 2019, 2018, and 2017.

	Year ended March 31, 2019 (IFRS)	Year ended March 31, 2018 (IFRS)	Year ended March 31, 2017 (IFRS)
Net earnings (loss) and other comprehensive earnings (loss) per share (basic and diluted)	(\$292,453)	\$45,098	(\$280,609) \$0.01
Mineral property interests	\$ nil	\$ nil	\$ nil
Total assets	\$140,468	\$606,653	\$378,125
Total liabilities	\$154,248	\$343,596	\$251,399

### Selected Quarterly Information

A summary of selected information for each of the eight or more most recent quarters is as follows:

Three Months Ended	Accounting Policies	Total Revenue (\$)	Earnings or (loss)		Total Assets (\$)
			Total (\$)	Per Share (Basic and Diluted) (\$)	
2019-September 30	IFRS	-	(54,213)	0.00	65,018
2019-June 30	IFRS	-	(48,898)	0.00	94,423
2019-March 31	IFRS	-	(41,311)	0.01	147,446
2018-December 31	IFRS	-	(86,305)	0.00	174,514
2018-September 30	IFRS	-	(18,912)	0.00	274,087
2018-June 30	IFRS	-	(145,925)	0.00	321,601
2018-March 31	IFRS	-	(396,955)	0.00	606,653
2017-December 31	IFRS	-	(141,685)	0.00	914,382
2017-September 30	IFRS	-	475,716	0.01	976,354
2017-June 30	IFRS	-	(129,520)	0.00	281,000
2017-March 31	IFRS	-	(37,551)	0.00	378,125

Total assets on March 31, 2010 under pre-IFRS Canadian GAAP were \$5,569,289.

Over the past eight quarters net administrative expenses have trended down to lower levels of about \$50,000 to \$75,000 excluding non-cash stock-based compensation, except for the fourth quarter which ranged between \$75,000 to \$120,000. Earnings during 2017-Q1 and 2018-Q2, were primarily as a result of gains on the sale of the Manigotagan frac sand deposit to Claim Post, now Canadian Premium Sand, or due to a related fair value adjustment or gain on disposition of marketable securities. All exploration expenditures are expensed, so any material exploration program will create losses in the period incurred. Stock-based compensation expense for stock options, which may be 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 greater around the time of the Company's Annual Shareholders' Meeting and fiscal year-end 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. Future income tax recoveries may be material and they are booked in the quarter following the issuance of flow-through shares, if any. For additional information regarding period to period variations, kindly refer to the Results of Operations and other sections of this MD&A.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

### **Dividends**

The Company has neither declared nor paid any dividends on its Common Shares. The Company intends to retain its earnings, if any, to finance growth and expand its operation and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

### **Transactions with Related Parties**

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

Gossan entered into the following transactions with related parties:

For the period ended September 30,		2019	2018
CEO fees	(i)	\$ 36,000	\$ 36,000
Consulting fees paid to Directors	(ii)	\$ -	\$ 6,000
Marrelli Support Services ("MSSI")	(iii)	\$ 22,248	\$ 16,589

- (i) Chief Executive Officer fees for the period. As at September 30, 2019, \$88,140 (March 31, 2019 - \$47,460) was included in due to related parties with respect to fees and reimbursable expenditures.
- (ii) Directors of Gossan. Fees relate to consulting services provided for evaluation, geological and community engagement services. As at September 30, 2019, \$nil (March 31, 2019 - \$1,721) was included in due to related parties.
- (iii) During the period ended September 30, 2019, the Company expensed \$22,248 (September 30, 2018 - \$16,589) to Marrelli Support Services Inc. ("Marrelli Support") and DSA Corporate Services Inc. (the "DSA"), together known as the "Marrelli Group" for:
  - (a) Robert D. B. Suttie to act as Chief Financial Officer ("CFO") of the Company;

(b) Bookkeeping and office support services;

(c) Corporate filing services

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

Both Marrelli Support and DSA are private companies. Robert Suttie is the Vice-President of Marrelli Support.

As of September 30, 2019, the Marrelli Group was owed \$17,623 (March 31, 2019 - \$9,092) and these amounts were included in due to related parties.

- (iv) During the period ended March 31, 2019, \$nil in directors fees were incurred as the board waived its fees (March 31, 2018 - \$33,832). As at September 30, 2019, \$38,082 in directors fees were outstanding (March 31, 2019 - \$62,082) in regard to current and prior years directors fees, including \$27,166 (March 31, 2019 - \$41,166) held for the purchase of the Company's common shares. An additional \$10,916 (March 31, 2019 - \$20,916) was included in due to related parties with respect to prior years director fees to be settled in cash. In addition to the current fiscal year, the Company's directors elected to waive their directors fees for fiscal 2014 and 2013, amounting to \$44,000 and \$45,000, respectively.

Related party transactions conducted in the normal course of operations are measured at the exchange amount, as agreed to by the parties, and approved by the Board of Directors in strict adherence to conflict of interest laws and regulations.

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

For the period ended September 30,	2019	2018
Share-based payments	\$ Nil	\$ Nil

### **Recent Accounting Pronouncements Adopted**

In July 2014, the IASB issued IFRS 9 to replace IAS 39. IFRS 9, which is to be applied retrospectively, will be effective for annual periods beginning on or after January 1, 2018.

IFRS 9 – Financial instruments (“IFRS 9”) addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009, October 2010, November 2013 and finalized in July 2014. It replaces the parts of IAS 39 Financial Instruments: Recognition and Measurement that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value through profit or loss and those measured at amortized cost, with the determination made at initial recognition. The classification depends on an entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that in cases where the fair value option is selected for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statements of operations, unless this creates an accounting mismatch. IFRS 9 has also been updated to amend the requirements around hedge accounting. However, there is no impact to the Company from these amendments as it does not apply hedge accounting. On April 1, 2018, the Company adopted these amendments.

The new hedge accounting guidance had no impact on the Company's unaudited condensed interim financial statements.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains the primary measurement

categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit and loss (FVTPL).

Below is a summary showing the classification and measurement bases of the financial instruments as at April 1, 2018 as a result of adopting IFRS 9 (along with comparison to IAS 39).

Classification	IAS 39	IFRS 9
Cash and cash equivalents	FVTPL	FVTPL
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Due to related parties	Other financial liabilities	Amortized cost

There was no impact on the Company's financial statements as result of adopting IFRS 9.

### **Future Accounting Changes**

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2019 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded.

- (i) In January 2016, the IASB issued IFRS 16, Leases (IFRS 16). IFRS 16 is effective for periods beginning on or after January 1, 2019, with early adoption permitted. IFRS 16 eliminates the current dual model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there is a single, on-balance sheet accounting model that is similar to current finance lease accounting. The Company is currently assessing the impact of this pronouncement.
- (ii) On June 7, 2017, the IASB issued IFRIC Interpretation 23 – Uncertainty over Income Tax Treatments. The Interpretation provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation is applicable for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this pronouncement.

There are no other relevant IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

### **Critical Accounting Judgments and Estimates**

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

## Critical Accounting Estimates

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

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

## Critical Accounting Judgments

(i) Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less cost to sell and its value in use. The fair value less cost to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less the incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less cost to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from management's best estimates of the future cash flows associated with a particular asset, and do not include restructuring activities that the company is not yet committed to or significant future investments that will enhance the asset's performance or value. The recoverable amount is sensitive to the discount rate used for the discounted cash flow model, the expected future cash inflows and the growth rate used for extrapolation purposes.

(ii) Management assesses the fair value of stock options granted and share purchase warrants issued using the Black-Scholes option pricing model. Measurement inputs include the Company's share price on the measurement date, the exercise price of the option or warrant, the expected volatility of the Company's shares, the expected life of the options or warrants, expected dividends and the risk-free rate of return. The Company estimates the volatility based on historical shares prices in the publicly-traded market. The expected life on the options or warrants, are based on the historical experience and the estimates of the holder's behavior. Dividends are not factored in as the Company does not expect to pay dividends in the foreseeable future. Management also makes an estimate of the number of options that will be forfeited and the rate is adjusted to reflect the actual number of options that actually vest.

(iii) Provisions for income taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by tax authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

(iv) The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on deductible or taxable temporary differences between the carrying amounts and tax bases of the assets and liabilities. Deferred tax assets and liabilities are measured using substantially enacted tax rates expected to apply in the years in which the temporary differences are expected to reverse. If the estimates and assumptions are modified in the future, the Company may be required to reduce or increase the value of deferred tax assets or liabilities resulting in,

where applicable, an income tax expense or recovery. The Company regularly evaluates deferred tax assets and liabilities.

(v) Estimates and judgments are inherent in the on-going assessment of the recoverability of some accounts receivable. The Company maintains an allowance for doubtful accounts to reflect expected credit losses. The Company is not able to predict changes in financial conditions of its customers and the Company's judgment related to the recoverability of accounts receivable may be materially impacted if the financial condition of the Company's customers deteriorates.

(vi) No provision has been established for asset retirement obligations as management believes that there has been no significant site disturbance to date that would require a provision to be established. The ultimate retirement costs are uncertain and cost estimates can vary in response to many factors including changes in relevant regulatory requirements, the emergence of new restoration techniques or experience at other production sites. The expected timing and amount of expenditure can also change, for example in response to a change in reserves. As a result, there could be significant adjustments to any provisions established which would affect future financial results.

## **Capital Management and Risk Management**

The Company manages its capital with the following objectives:

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

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

The Company considers its capital to be shareholders' equity, comprising share capital, warrant reserve, contributed surplus, and deficit, which at September 30, 2019, totaled a deficiency of \$104,891 (March 31, 2019 – shareholders deficiency of \$13,780).

The Company manages capital through its financial and operational forecasting processes. The Company reviews its working capital and forecasts its future cash flows based on operating and capital expenditures, and other investing and financing activities. The forecast is updated based on activities related to its mineral properties. Selected information is provided to the Board of Directors of the Company. The Company's capital management objectives, policies and processes have remained unchanged during the period ended September 30, 2019. The Company is not subject to externally imposed capital requirements.

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

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

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

## b) Financial Risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency rate, commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Audit Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

### Credit Risk

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

Management believes that the credit risk with respect to financial instruments included in accounts receivable is minimal. Accounts receivable consists of sales tax receivable from government authorities in Canada. Accounts receivable are in good standing as of September 30, 2019.

### Liquidity Risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities and periodic asset sales. As at September 30, 2019, the Company had cash of \$46,601 (March 31, 2019 - \$81,895) to settle current liabilities of \$169,909 (March 31, 2019 - \$154,248). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms or are short term accruals. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity.

### Market Risk

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

### *Interest Rate Risk*

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

### *Foreign Currency Risk*

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

### *Price Risk*

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

## **Sensitivity Analysis**

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

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

As of September 30, 2019, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

- (iv) Mineral property risk is significant. In particular, if an economic orebody is not found, the Company cannot enter into commercial production and generate sufficient revenues to fund its continuing operations. There can be no assurance that the Company will generate any revenues or achieve profitability or provide a return on investment in the future from any of the properties it may have an interest in.
- (v) Equity price risk is not material. The Company does not currently hold any marketable securities.

## **Financial Instruments Recorded at Fair Value**

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

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

As of September 30, 2019 and March 31, 2019, the fair values of accounts receivable, accounts payable and accrued liabilities, and due to related parties approximate their carrying value due to their short term nature.

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets with finite lives to determine whether there is any indication that those assets have suffered an impairment loss. Where such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of an asset's fair value less cost to sell or its value in use. In addition, long-lived assets that are not amortized are subject to an annual impairment assessment. In the case of exploration and evaluation assets, impairment reviews are carried

out on a property-by-property basis, with each capitalized property representing a potential cash-generating unit. As at September 30, 2019, all exploration and evaluation costs have been expensed as incurred and no amounts have been capitalized.

#### Fair Value Hierarchy and Liquidity Risk Disclosure

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

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

As at September 30, 2019	Level 1	Level 2	Level 3
Cash	\$ 46,601	-	-

#### Management's Responsibility for Financial Information

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The consolidated financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

#### 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 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 financial statements and (ii) the 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 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.

Securities of mining and mineral exploration companies, including the common shares of the Company, have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in Canada and globally, and market perceptions of the attractiveness of particular industries.

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, reflecting ongoing concerns about the global economy and slow global growth prospects. Uncertainty in the credit markets has also led to increased difficulties in raising funds. Investor sentiment towards junior exploration companies remains weak. 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; slow economic growth; and the current investor sentiment towards junior exploration companies, the Company's strategy is to joint venture projects were possible and spend its funds in a prudent manner while maintaining the Company's flow-through commitment, if any (currently \$nil). The Company believes this strategy will 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 major upturn of the commodity cycle.

The Company's business and operations are dependent on retaining the services of a small number of key employees. The success of the Company is, and will continue to be, to a significant extent, dependent on the expertise and experience of these employees. Gossan is very dependent upon the personal efforts and commitment of its existing management who are not full-time employees of the Company. The loss of one or more of these employees could have a materially adverse effect on the Company. The Company does not maintain insurance on any of its key employees. To the extent that management's services would be unavailable for any reason, the Company's operations could be disrupted.

In the normal course of operations, the Company is subject to routine claims and litigation incidental to its business.

### **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, base and specialty 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. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement. Certain significant forward-looking statements (FLS) contained in this MD&A are summarized below along with the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

FLS 1 > Gossan's cash resources at September 30, 2019, are not sufficient to fund its operating expenses for the twelve months ending September 30, 2020.

Assumes that the operating and exploration & evaluation activities of the Company for the next twelve-month period, and the costs associated therewith, will be consistent with Gossan's current expectations. Gossan receives cash and/or equity payments due from prior property dispositions. Debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Gossan.

Risks include: unforeseen costs to the Company will arise; any particular operating costs will increase or decrease from the date of the estimation; changes in economic conditions; changes in the operations currently planned for the next 12 months; failure to receive property payments or royalties due from partners or other payments from asset purchasers; changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions

FLS 2 > Gossan's properties may contain economic deposits of various precious, base and industrial metals or minerals.

Assumes that financing will be available for future exploration and development of Gossan's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed Gossan's expectations; the Company will be able to retain and attract skilled staff; all requisite First Nations, regulatory and governmental approvals for exploration projects and other operations will be received on a timely and acceptable basis; and applicable political and economic conditions are favourable to the Company; the price of all applicable metals and minerals and applicable interest and exchange rates will be favourable to Gossan; no title disputes exist with respect to the Company's properties

Risks include: price volatility in precious, base and industrial metals or minerals; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Gossan's expectations; availability of financing for and actual results of Gossan's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; the inability to obtain satisfactory permitting from all required authorities; interest rate and exchange rate fluctuations; changes in economic and political conditions; and the Company's ability to retain and attract skilled staff.

FLS 3 > The Company will be able to carry out anticipated business plans, including costs and timing for future exploration on its property interests, subject to financing.

Assumes that the exploration activities of the Company for the next 12 months and beyond, and the costs associated therewith, will be consistent with Gossan's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to Gossan; financing will be available for Gossan's exploration and development activities and the results thereof will be favourable; the Company will be able to retain and attract skilled staff; all applicable First Nations, regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to Gossan; the Company will not be adversely affected by market competition; the price of precious, base and industrial metals or minerals will be favourable to Gossan; and no title disputes exist with respect to Gossan's properties

Risks include: price volatility in precious, base and industrial metals or minerals; changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in

interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with Gossan's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; the inability to obtain satisfactory permitting from all required authorities; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company may be unable to retain and attract skilled staff; receipt of applicable permits

FLS 4 > Management's outlook regarding future trends, including the future price of precious, base and industrial metals or minerals and availability of future financing

Assumes that financing will be available for Gossan's exploration and operating activities; and the price of precious, base and industrial metals or minerals will be favourable to Gossan

Risks include: price volatility in precious, base and industrial metals or minerals; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions; and the possibility that future exploration results will not be consistent with Gossan's expectations.

FLS 5 > Sensitivity analysis of financial instruments

Assumes that the Company's cash and cash equivalents are subject to minimal risk of changes in value and are readily convertible into cash; and that its marketable securities, if any, are subject to limited risk of changes in value and remain liquid and marketable.

Risks include: changes in debt and equity markets; interruption or cessation of the trading of its marketable securities; and interest rate and exchange rate fluctuations, any of which may result in a significant deterioration of the Company's working capital position.

Inherent in forward-looking statements are risks, uncertainties and other factors beyond Gossan's ability to predict or control. Please also make reference to those risk factors referenced in the "Risk Factors" section below. Readers are cautioned that the above summary does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this MD&A.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Gossan's actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by this cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements, unless required by law.