



RESOURCES LIMITED

NEWS RELEASE 08-05

Gossan Selects CANMET for Magnesium Process Tests

May 13, 2008 – **Gossan Resources Limited** (GSS-TSX.V & GSR-Frankfurt/Freiverkehr) has selected the CANMET Materials Technology Laboratory (CANMET-MTL) of Ottawa, Canada, to conduct bench scale testing of the Zuliani Process to extract magnesium metal from dolomite. CANMET-MTL, a branch of the Minerals and Metals Sector of Natural Resources Canada, has been serving the industrial and academic communities since 1942.

CANMET-MTL will undertake several bench scale tests to confirm process thermodynamics and kinetics for the Zuliani technology including determining the vapour pressure of magnesium as a function of process temperature and operating conditions, the slag – metal reactions and the formation of by-products. Gossan holds a large high-purity magnesium dolomite property at Inwood, Manitoba and the world-wide rights for the Zuliani Process, a new, high efficiency magnesium production process projected to significantly reduce the direct operating cost of magnesium metal production.

Gossan will showcase the Inwood Magnesium Project at the 65th Annual World Magnesium Conference being held from May 18-20 in Warsaw, Poland (Booth 28).

The CANMET Materials Technology Laboratory is the largest research centre in Canada dedicated to metals and materials fabrication, processing and evaluation. Scientific and technical staff are involved in research and development to provide materials solutions for Canadian industry in the energy, transportation and metal-manufacturing sectors. CANMET-MTL has particular expertise and facilities for the pilot-scale production and in-depth assessment of novel materials. It houses unique facilities for handling hot and molten metal in pilot-scale quantities in its experimental casting laboratory and metal-forming laboratory. In collaboration with industry, CANMET-MTL conducts research to develop and deploy technologies to improve all aspects of producing and using value-added products from minerals and metals.

Gossan recently received favourable results in a chemical thermodynamic study of the Zuliani Process conducted by Dr. Arthur Pelton, of THERMFACT Ltd. and a Professor at Ecole Polytechnique in Montreal, Quebec. THERMFACT is a co-developer of the world leading FactSage integrated thermodynamic databank system which calculates the conditions for multiphase, multi-component equilibria in complex gas-slag-metal systems. For further information refer to Gossan NR-07-13 of September 25, 2007.

Over the past decade, magnesium metal markets have grown annually at double digit rates and prospects for continued growth are significant. A recently released report, "[Magnesium Vision 2020](#)" prepared by the United States Automotive Materials Partnership (USAMP) in cooperation

with 61 members of the North American automotive magnesium industry including USCAR (a consortium composed of DaimlerChrysler AG, Ford Motor Company and General Motors Corporation) points to substantial future growth opportunities for magnesium in the automotive sector. While North American vehicles currently average 10-12 lbs of magnesium with select vehicles containing up to 35 lbs, Magnesium Vision 2020 indicates that with the proper market infrastructure, the average magnesium content could increase to as much as 350 lbs by 2020 by replacing heavier components. At these magnesium levels, the report concludes that vehicle weight would be reduced by 500 lbs thereby significantly improving fuel efficiency and reducing emissions. To put this into perspective, the average North American vehicle currently contains about 260 lbs of plastics, 280 lbs of aluminum and 2150 lbs of steel/cast iron. A major conclusion of the study is that the magnesium industry requires a North American based champion to promote magnesium within the auto sector as is the case with other more established materials. For further information refer to www.gossan.ca/magvison.pdf

Gossan holds a large high-purity dolomite property at Inwood, Manitoba and is investigating opportunities for producing magnesium metal. The Company has entered into a Memorandum of Understanding defining the terms of a licensing arrangement to develop the Zuliani Process, a new, high efficiency magnesium production process projected to significantly reduce the direct operating cost of magnesium metal production compared to a typical Chinese pidgeon process plant. Chinese companies are strong competitors and currently produce approximately 80% of the world's magnesium metal. For further information refer to Gossan NR-07-02 dated March 16, 2007.

The US Geological Survey estimated world primary production of magnesium at 670,000 tonnes in 2007. Over the past 15 years, China has become the predominant supplier with production of 550,000 tonnes in 2007. Magnesium can be produced using a number of different processes and inputs. It is primarily used as an alloy with aluminum and as a structural metal with die casting for the auto industry being the fastest growing component. Magnesium is also used to remove sulfur in the production of iron and steel. Magnesium is the lightest of all the commonly used metals and may be substituted to some extent for aluminum and zinc in castings and wrought products. The price of magnesium has increased considerably since 2006. During 2007, free market prices in Canada and Europe increased sharply from US \$0.95 per pound to US \$1.80 per pound. The current price – mid May 2008 - is US \$2.55 per pound. Corresponding prices in the USA are significantly higher due to varying tariff protection against certain Chinese and Russian producers. Demand for magnesium is expected to remain strong particularly from the auto industry where high gasoline prices are leading to the design of lighter more fuel efficient vehicles.

Gossan Resources Limited is engaged in mineral exploration in Manitoba and northwestern Ontario. It has a well-diversified portfolio of properties hosting gold, platinum group and base metals, as well as the specialty and minor metals, tantalum, lithium, chromium, titanium and vanadium. The Company also has a large deposit of magnesium-rich dolomite, the world-wide rights to the Zuliani magnesium production process, and a silica sand prospect. Gossan trades on the TSX Venture and the Frankfurt/Freiverkehr & Xetra Exchanges and has 29,020,900 common shares outstanding.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION Except for statements of historical fact relating to the Company, certain information contained herein constitutes "forward-looking statements". Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made and are subject to a variety of risks and

uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These risks and uncertainties include but are not limited to those identified and reported in Management's Discussion and Analysis for the year ended March 31, 2007. Circumstances or management's estimates or opinions could change, and management disclaims any obligation to revise or update forward-looking statements, whether for new information, future events or otherwise. The reader is cautioned not to place undue reliance on forward-looking statements.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.

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