



RESOURCES LIMITED

NEWS RELEASE 08-12

Gossan's Inwood Magnesium Property Hosts 28.8 Million Measured Tonnes of High-Purity Magnesium Dolomite

September 10, 2008 – **Gossan Resources Limited** (GSS-TSX.V & GSR-Frankfurt/Freiverkehr & Xetra) has received a final National Instrument 43-101 Report that establishes a substantial resource of high purity dolomite at its Inwood Magnesium Project. The resource estimate focuses on the flat lying Fisher Branch dolomite formation which outcrops on the Inwood Property with little or no overburden and averages a true thickness of about 12 metres. Gossan has initiated preliminary site and infrastructure planning for a production facility at the 1,635-hectare Inwood Property which is located in south-central Manitoba.

Development of the Inwood Magnesium Project is being advanced based on ongoing high magnesium prices – currently over US \$2.00 per pound - and the development of more efficient magnesium extraction processes. Gossan holds the option on the worldwide rights to a new high-efficiency modified magnesium production process and testing of this technology is the current focus of this project.

Douglas Reeson, CEO of Gossan stated, “Gossan recently exhibited at the World Magnesium Conference in Warsaw, Poland, where it was very apparent that a new North American producer would be strongly supported by the magnesium industry. Gossan’s Inwood Project, located in hydro-electric rich Manitoba - has all the ingredients to attract a senior partner to assist in its development.”

Watts, Griffis and McOuat Limited (WGM), consulting geologists, have calculated a number of Mineral Resource Estimates for high purity dolomite at the Inwood Property. WGM estimated Measured and Indicated Mineral Resources based on results from 35 drill holes, of which 27 were conducted on 200m spacing within a 100-hectare area in May of 2006. The balance of the holes used in the estimate of the Measured and Indicated Resource were drilled in 1991 by the Manitoba Department of Mines and Energy. The estimate of Inferred Resources which covers an area of approximately 450 hectares is based on a 53-drillhole database.

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

WGM's resource estimates for the Fisher Branch are summarized in the table below:

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%

Gossan has received a final National Instrument 43-101 Report from Watts, Griffis and McOuat on the Inwood Property. The Company had previously reported initial resource estimates, conducted by WGM, on the Property (NR 06-16 dated November 3, 2006). The final Report utilized a more sophisticated block modeling technique and reflects the elimination of certain core intersections, partially outside the mineralized zone. As a result, the reported purity of the deposit was improved with total residue for the Fisher Branch resource being reduced to 0.34 % from 0.40%. This improvement may be of significance in future metallurgical and economic evaluations. The total resource remained basically unchanged, but due to the use of more sophisticated block modeling, a small portion of the tonnage shifted from the measured to indicated category.

Donald Hains, P.Geo., of Watts, Griffis and McOuat is the Qualified Person who prepared the technical report on the Inwood Magnesium Property and has reviewed and approved the contents of this press release. The NI 43-101 Report will be filed with SEDAR.

Gossan has a licensing arrangement for a new high efficiency magnesium production process being developed by Douglas J. Zuliani. The new process is based on an efficient adaptation of the traditional Magnetherm process. The Zuliani process is designed to achieve operating cost savings by process efficiency improvements that significantly reduce both energy and key raw material requirements. These enhancements to the traditional Magnetherm method should materially improve both magnesium recovery and silicon reduction efficiency without the need for a vacuum. Energy use is reduced by development of a technically straightforward method that will ensure highly efficient condensation of liquid magnesium metal. Low cost hydro electricity is abundantly available in Manitoba. For further information refer to Gossan NR-07-02 dated March 16, 2007.

In order to prove out the technology prior to commercialization, Gossan is undertaking a three phase evaluation process. Initially thermodynamic modelling was successfully used to verify the process fundamentals (NR-07-13 of September 25, 2007). The second phase which will involve bench scale testing is currently being prepared at the CANMET Materials Technology Laboratory in Ottawa (NR-08-05 of May 13, 2008). Thereafter a third phase of pilot plant testing will be required to demonstrate commercial viability. Gossan will seek a joint venture partner to assist in the pilot plant testing and subsequent commercialization of the process.

Gossan 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 is undertaking 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. Equipment required to conduct the bench scale tests has been designed and is in the process of being fabricated. A bulk sample of up to 5-tonnes of dolomite is being extracted at the Inwood Property for use in the current and future tests. Additional dolomite is being sourced from other commercial operations for inclusion in the

current bench scale tests in order to broaden the testing of the technology. The bench scale tests are expected to be completed before year end.

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 – early September 2008 - is US \$2.07 per pound. Corresponding prices in the USA are significantly higher due to varying tariff protection against certain Chinese and Russian producers. An analysis of operating and transportation costs indicates that the cost to produce and ship magnesium from China – the world's dominant producer – has increased significantly over the last two years, and as a result, magnesium prices are likely to remain firm. 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 and development 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 deposit. 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 interim period ended June 30, 2008. 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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