



RESOURCES LIMITED

NEWS RELEASE 10-06

Marketing Study Green Lights Gossan's Manigotagan Silica Sand Project

October 19, 2010 – **Gossan Resources Limited** (GSS-TSX.V & Frankfurt/Freiverkehr & Xetra – WKN 904435) has been advised to pursue development of its Manigotagan Silica Sand Project as improving market conditions for frac sand proppant, used in the oil and gas industry, will accommodate the entry of an additional new producer. World Industrial Minerals of Arvada, Colorado, has completed a marketing study on high-purity Manigotagan silica sand that makes five recommendations: investigate the feasibility of establishing a processing plant at mine site, railhead and harbor in Selkirk, MB; initiate a review and time line of required extraction and processing permits; complete a NI 43-101 report on the deposit; and initiate a prefeasibility study on the Project's economics.

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

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

Gossan has completed a series of tests on various sized samples of Manigotagan silica sand and the results have exceeded all of the minimum standards for frac sand proppant used by the oil and gas industry. This analysis, known as Proppant Testing, was conducted by PropTester Inc. of Cypress, Texas, using ISO Proppant standards. Samples of Manigotagan silica sand have consistently received ISO 8K and 9K Proppant ratings for the 20/40 and 30/50 mesh fractions and ISO 9K Proppant ratings for the 40/70 and 70/140 mesh fractions.

Drilling at Manigotagan has been successful in outlining substantial zones of silica sand with a thickness exceeding 5 metres and ranging to over 15 metres. Two zones, with lengths known to

exceed 400m and 600m, are both open on one or more sides. The deposit has been outlined in three drill programs totalling over 60 holes.

G. Ryan Cooke, P.Geo., Gossan's Lead Director – Exploration is the Company's Qualified Person and he has reviewed and approved the technical contents of this news release.

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 29,117,900 common shares outstanding.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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