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**GOSSAN RESOURCES LIMITED**

**INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
JUNE 30, 2008**

**(UNAUDITED)**

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## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying unaudited interim financial statements of Gossan Resources Limited were prepared by management in accordance with Canadian generally accepted accounting principles. The most significant of these accounting principles have been set out in the March 31, 2008 audited financial statements. Only changes in accounting policies have been disclosed in these unaudited interim financial statements. Management acknowledges responsibility for the preparation and presentation of the unaudited interim financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

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 unaudited interim consolidated 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 unaudited interim consolidated financial statements and (ii) the unaudited interim consolidated 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 unaudited interim consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the unaudited interim financial statements together with other financial information. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the internal controls over the financial reporting process and the unaudited interim financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

### **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these unaudited interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

# Gossan Resources Limited

## INTERIM BALANCE SHEETS

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

	June 30, 2008	March 31, 2008
<b>ASSETS</b>		
Current		
Cash	\$ 138,354	\$ 95,176
Short-term investments	1,551,711	1,941,526
Accounts receivable	15,426	9,937
Prepaid expenses	20,706	26,586
	<b>1,726,197</b>	<b>2,073,225</b>
Non-Current		
Mineral properties (Note 5)	3,692,566	3,475,331
Investment in The Claims Network (Note 6)	168,481	150,920
Furniture and equipment (Note 7)	14,179	16,147
	<b>3,875,226</b>	<b>3,642,398</b>
	<b>\$ 5,601,423</b>	<b>\$ 5,715,623</b>
<b>LIABILITIES</b>		
Current		
Accounts payable	\$ 57,281	\$ 70,475
Due to related parties	83,548	108,846
	<b>140,829</b>	<b>179,321</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	11,304,778	11,304,778
Contributed surplus	1,187,692	1,187,236
Deficit	(7,031,876)	(6,955,712)
	<b>5,460,594</b>	<b>5,536,302</b>
	<b>\$ 5,601,423</b>	<b>\$ 5,715,623</b>

Nature of Operations (Note 1)

Commitment (Note 13)

Subsequent Events (Note 15)

Approved on Behalf of the Board:

"Douglas Reeson"  
Director

"Andrew Thomson"  
Director

The accompanying notes are an integral part of these interim financial statements

# Gossan Resources Limited

## INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

Three Months Ended June 30	2008	2007
<b>EXPENSES</b>		
Administrative fees	\$ 5,333	\$ 6,697
Management fees	30,056	30,620
Consulting	6,362	4,500
Office and general	24,557	32,566
Public company expenses	8,080	23,108
Investor relations	27,469	10,158
Travel and related	6,010	5,390
Stock-based compensation expense	456	181,528
Amortization and other	1,968	639
	<b>110,291</b>	<b>295,206</b>
<b>OTHER INCOME</b>		
Interest and other income	16,565	233
Gain on sale of marketable securities	-	1,660
<b>LOSS BEFORE THE FOLLOWING</b>	<b>(93,726)</b>	<b>(293,313)</b>
Share of TCN profit (Note 6)	17,562	6,677
<b>NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>\$ (76,164)</b>	<b>\$ (286,636)</b>
<b>LOSS PER SHARE (basic and diluted)</b>	<b>\$ 0.00</b>	<b>\$ (0.01)</b>

*The accompanying notes are an integral part of these interim financial statements*

**Gossan Resources Limited**  
**INTERIM STATEMENTS OF CASH FLOWS**  
**(EXPRESSED IN CANADIAN DOLLARS)**  
**(PREPARED BY MANAGEMENT)**  
**(UNAUDITED)**

<b>Three Months Ended June 30</b>	<b>2008</b>	<b>2007</b>
<b>CASH (USED IN) PROVIDED BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (76,164)	\$ (286,636)
Amortization and other	1,968	639
Gain on sale of marketable securities	-	(1,660)
Share of TCN profit (Note 6)	(17,562)	(6,677)
Stock-based compensation	456	181,528
Net change in non-cash working capital:		
Accounts receivable	(5,489)	55,674
Prepaid expenses	5,880	1,177
Accounts payable	(13,193)	(32,579)
Due to related parties	(25,298)	(65,880)
	<b>(129,402)</b>	<b>(154,414)</b>
<b>INVESTING ACTIVITIES</b>		
Proceeds on sale of marketable securities	-	14,860
Mineral properties	(217,235)	(23,686)
Proceeds on redemption of short-term investments	389,815	-
	<b>172,580</b>	<b>(8,826)</b>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital	-	2,680,190
<b>(DECREASE) INCREASE IN CASH</b>	<b>43,178</b>	<b>2,516,950</b>
<b>CASH, beginning of period</b>	<b>95,176</b>	<b>56,781</b>
<b>CASH, end of period</b>	<b>\$ 138,354</b>	<b>\$ 2,573,731</b>

*The accompanying notes are an integral part of these interim financial statements*

# Gossan Resources Limited

## INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

Three Months Ended June 30	2008	2007
<b>Share Capital</b>		
Balance at beginning of period	\$ 11,304,778	\$ 8,829,441
Private placement, net	-	2,641,240
Exercise of stock options - cash	-	38,950
Exercise of stock options - valuation	-	11,700
Issuance of warrants - valuation	-	(252,071)
<b>Balance at end of period</b>	<b>\$ 11,304,778</b>	<b>\$ 11,269,260</b>
<b>Contributed Surplus</b>		
Balance at beginning of period	\$ 1,187,236	\$ 691,820
Fair value of stock options granted	456	181,528
Exercise of stock options - valuation	-	(11,700)
Fair value of warrants issued	-	252,071
<b>Balance at end of period</b>	<b>\$ 1,187,692</b>	<b>\$ 1,113,719</b>
<b>Deficit</b>		
Balance at beginning of period	\$ (6,955,712)	\$ (6,160,562)
Net loss and comprehensive loss for the period	(76,164)	(286,636)
<b>Balance at end of period</b>	<b>\$ (7,031,876)</b>	<b>\$ (6,447,198)</b>
<b>TOTAL SHAREHOLDERS' EQUITY, END OF PERIOD</b>	<b>\$ 5,460,594</b>	<b>\$ 5,935,781</b>

*The accompanying notes are an integral part of these interim financial statements*

# **Gossan Resources Limited**

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2008**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(PREPARED BY MANAGEMENT)**

**(UNAUDITED)**

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### **1. NATURE OF OPERATIONS**

Gossan Resources Limited (the "Company") is a public corporation that was incorporated federally on June 16, 1980. The Company, directly and through joint ventures is in the business of acquiring and exploring resource properties that it believes contain mineralization. To date, the Company has not earned significant revenues and is considered to be in the exploration stage. It is an exploration enterprise and carries on business in one segment, being the exploration for valuable minerals, exclusively in Canada.

In the opinion of management, all adjustments considered necessary for the fair presentation have been included in these interim financial statements. All amounts in these interim financial statements are expressed in Canadian dollars.

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The ability of the Company to continue as a going concern and the recoverability of amounts shown for mineral properties are dependent upon the discovery of economically recoverable reserves, confirmation of the Company's ownership in the underlying mineral claims, the acquisition of required permits to mine, and the ability of the Company to obtain necessary financing to complete exploration and development; and the future profitable production or proceeds from disposition of such properties. These interim financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. All of these outcomes are uncertain and taken together cast doubt over the ability of the Company to continue as a going concern.

The Company is traded on the TSX Venture Exchange under the symbol "GSS" and on the Frankfurt/Freiverkehr & Xetra Exchanges under the symbol "GSR".

# **Gossan Resources Limited**

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2008**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(PREPARED BY MANAGEMENT)**

**(UNAUDITED)**

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### **2. ACCOUNTING POLICIES**

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and notes to the financial statements required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended June 30, 2008 may not necessarily be indicative of the results that may be expected for the year ending March 31, 2009.

The balance sheet at March 31, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by Canadian generally accepted accounting principles for complete financial statements. The interim financial statements have been prepared by management in accordance with the accounting policies described in the Company's annual financial statements for the year ended March 31, 2008. For further information, refer to the financial statements and notes thereto included in the Company's annual financial statements for the year ended March 31, 2008.

#### **Capital Disclosures and Financial Instruments - Disclosures and Presentation**

On December 1, 2006, the CICA issued three new accounting standards: Capital Disclosures (Handbook Section 1535), Financial Instruments - Disclosures (Handbook Section 3862), and Financial Instruments - Presentation (Handbook Section 3863). These new standards became effective for the Company on January 1, 2008.

##### **Capital Disclosures**

Handbook Section 1535 specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. The Company has included disclosures recommended by the new Handbook section in Note 3 to these unaudited interim financial statements.

##### **Financial Instruments**

Handbook Sections 3862 and 3863 replace Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Company has included disclosures recommended by the new Handbook section in Note 4 to these unaudited interim financial statements.



# **Gossan Resources Limited**

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2008**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(PREPARED BY MANAGEMENT)**

**(UNAUDITED)**

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### **2. ACCOUNTING POLICIES (Continued)**

#### **Future Accounting Changes**

International Financial Reporting Standards ("IFRS")

In January 2006, the CICA's Accounting Standards Board ("AcSB") formally adopted the strategy of replacing Canadian GAAP with IFRS for Canadian enterprises with public accountability. The current conversion timetable calls for financial reporting under IFRS for accounting periods commencing on or after January 1, 2011. On February 13, 2008 the AcSB confirmed that the use of IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. For these entities, IFRS will be required for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of IFRS on its financial statements.

Goodwill and Intangible Assets

In November 2007, the CICA approved Handbook Section 3064, "Goodwill and Intangible Assets" which replaces the existing Handbook Sections 3062, "Goodwill and Other Intangible Assets" and 3450 "Research and Development Costs". This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009, with earlier application encouraged. The standard provides guidance on the recognition, measurement and disclosure requirements for goodwill and intangible assets. The Company is currently assessing the impact of this new accounting standard on its financial statements.

### **3. CAPITAL MANAGEMENT**

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include its working capital position and the capital stock, warrant, and option components of its shareholders equity.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management during the three months ended June 30, 2008. The Company is not subject to externally imposed capital requirements.

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

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### 4. RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS

The Company's major mineral properties are listed in Note 5. Unless the Company acquires or develops additional material 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.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

#### Market Risk

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

#### 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 consist of cash on hand and term deposits with reputable financial institutions which is closely monitored by management. Financial instruments included in accounts receivable consist of sales tax receivable from government authorities in Canada and deposits held with service providers. Management believes that credit risk with respect to financial instruments included in cash and accounts receivable is remote.

#### Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2008, the Company had a cash balance of \$138,354 (March 31, 2008 - \$95,176) and a liquid short-term investment balance of \$1,551,711 (March 31, 2008 - \$1,941,526) to settle current liabilities of \$140,829 (March 31, 2008 - \$179,321). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

#### Interest Rate Risk

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

#### Foreign Currency Risk

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

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

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#### 4. RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS (Continued)

##### Commodity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to valuable minerals to determine the appropriate course of action to be taken by the Company.

##### Mineral Property Risk

The exploration for, and the development of, mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an orebody may result in substantial rewards, few properties that are explored are ultimately developed into producing mines.

##### Sensitivity Analysis

The Company has designated its cash and short-term investments as held-for-trading, which are measured at fair value. Financial instruments included in accounts receivable and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities, and due to related parties are classified as other financial liabilities which are measured at amortized cost.

As at June 30, 2008, the carrying and fair value amounts of the Company's financial instruments are not materially different.

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

- i) Held-for-trading assets include investment certificates totalling \$1,520,000 subject to varying interest rates. Sensitivity to a plus or minus 1% change in rates would affect the reported net income by approximately \$3,800.
- 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 June 30, 2008, the Company is not a producer of valuable minerals. As a result, commodity price risk may affect the completion of future equity transactions such as equity offerings and the exercise of stock options and warrants. This may also affect the Company's liquidity and its ability to meet its ongoing obligations.

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

### 4. RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS (Continued)

#### Sensitivity Analysis (Continued)

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.

### 5. MINERAL PROPERTIES

	March 31, 2008	Expenditures	Grants and Option Payments	Write Downs	June 30, 2008
Pipestone Lake	\$ 1,663,030	\$ 5,000	\$ -	\$ -	\$ 1,668,030
Bird River (i)	477,446	403	(50,000)	-	427,849
Inwood	444,048	9,154	(14,000)	-	439,202
Separation Rapids	128,834	1,144	-	-	129,978
Manigotagan Silica	293,849	262,463	-	-	556,312
Sharpe Lake	468,121	3,071	-	-	471,192
Other	3	-	-	-	3
	<b>\$ 3,475,331</b>	<b>\$ 281,235</b>	<b>\$ (64,000)</b>	<b>\$ -</b>	<b>\$ 3,692,566</b>

(i) During the period, Marathon PGM Corporation ("Marathon") completed the first stage of the Option and Joint Venture Agreement on the Bird River Property, which consisted of a work expenditure commitment of \$500,000 and a cash payment of \$50,000.

Subsequent to the end of the period, Marathon triggered the formation of a 50:50 joint venture by expending in excess of \$3 million on the Bird River Project and making a cash payment of \$400,000 to the Company.

### 6. INVESTMENT IN THE CLAIMS NETWORK INC.

During the three months ended June 30, 2008, management has recorded its investment in TCN using the equity method and accordingly has recognized \$17,561 (June 30, 2007 - \$6,677) as income, representing the Company's proportionate share of TCN's profit, resulting in the carrying value increasing by \$17,561 (June 30, 2007 - \$6,677) to \$168,481 (June 30, 2007 - \$118,757)

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

### 7. FURNITURE AND EQUIPMENT

	Cost	Accumulated Amortization	Total June 30, 2008	Total March 31, 2008
Computer equipment	\$ 17,253	\$ 8,673	\$ 8,580	\$ 9,275
Computer software	7,435	3,950	3,485	4,647
Field equipment	1,155	766	389	409
Furniture and fixtures	4,549	2,824	1,725	1,816
	\$ 30,392	\$ 16,213	\$ 14,179	\$ 16,147

### 8. RELATED PARTY TRANSACTIONS

During the three months ended June 30, 2008, a director was paid or accrued \$16,340 for geological field work (\$18,280 in 2007) and is owed \$6,248 as at June 30, 2008 (June 30, 2007 - \$12,000) by the Company. Another director, appointed President October 1, 2004 was compensated \$18,000 for corporate administration services (June 30, 2007- \$18,000) and is owed \$21,800 at June 30, 2008 (\$46,280 in June 2007). An officer of the Company charged \$7,500 for management services (June 30, 2007 - \$7,500) and is owed \$Nil (June 30, 2007 - \$Nil). Another officer charged/accrued \$1,500 for secretarial administrative services (June 30, 2007 - nil) and is owed \$1,500 as of June 30, 2008.

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

During fiscal 2008, fees were paid to Directors in the amount of \$36,000 for director's fees (June 30, 2007 - \$30,000) and \$18,000 (June 30, 2007 - \$14,000) for committee and other board activities. In the current year, thirty percent of the fees paid to directors were retained by the Company for acquisition of the Company's common shares on the director's behalf. At June 30, 2008, \$54,000 (June 30, 2007 - \$48,500) was owed in regard to Directors fees.

The amounts due to related parties, which totals \$83,548 (March 31, 2008 -\$108,846) are unsecured, non-interest bearing and have no fixed terms of repayment.

### 9. SHARE CAPITAL

(a) AUTHORIZED - Unlimited number of common shares with no par value

(b) ISSUED

	SHARES	AMOUNT
Balance - March 31 and June 30, 2008	29,020,900	\$ 11,304,778

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

(PREPARED BY MANAGEMENT)

(UNAUDITED)

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### 10. STOCK OPTIONS

The following table reflects the continuity of stock options for the period:

	NUMBER OF STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Balance - March 31, 2008	2,579,000	\$0.38
Expired	(157,000)	\$0.23
<b>Balance - June 30, 2008</b>	<b>2,422,000</b>	<b>\$0.38</b>

The following table reflects the stock options outstanding as at June 30, 2008

Date of Grant	Exercise Price (\$)	Options Outstanding	Expiry Date
September 23, 2005	0.36	90,000	September 30, 2008
March 14, 2007	0.32	160,000	March 14, 2009
November 8, 2005	0.50	190,000	April 30, 2009
March 21, 2006	0.35	60,000	September 21, 2009
October 31, 2006	0.30	434,000	April 30, 2010
March 14, 2007	0.32	190,000	September 14, 2010
May 1, 2007	0.40	420,000	May 1, 2011
June 26, 2007	0.50	430,000	June 26, 2011
September 27, 2007	0.34	288,000	September 27, 2011
March 28, 2008	0.30	160,000	March 28, 2012
	<b>0.38</b>	<b>2,422,000</b>	

# Gossan Resources Limited

## NOTES TO INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED JUNE 30, 2008

(EXPRESSED IN CANADIAN DOLLARS)

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(UNAUDITED)

### 11. WARRANTS

The following table reflects the continuity of warrants for the period:

	NUMBER OF WARRANTS	WEIGHTED AVERAGE EXERCISE PRICE
Balance - March 31, 2008	5,942,900	\$0.50
Expired	(3,896,900)	\$0.93
<b>Balance - June 30, 2008</b>	<b>2,046,000</b>	<b>\$0.35</b>

The following table reflects the actual warrants outstanding as of June 30, 2008:

Date of Grant	Exercise Price	Warrants Outstanding	Expiry Date
October 30, 2006	\$0.35	1,201,000	October 30, 2008
December 28, 2006	\$0.35	845,000	December 28, 2008
	<b>\$0.35</b>	<b>2,046,000</b>	

### 12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. Diluted loss per share, which reflects the maximum possible dilution from the potential exercise of warrants and stock options, is the same as basic loss per share for the period ended. The conversion of warrants and stock options to calculate diluted loss per share was not done, because the conversion was anti-dilutive.

### 13. COMMITMENT

By agreement dated June 14, 2008, the Company is committed under an operating lease for its office premises with the following minimum annual lease payments to the expiration of the lease on September 30, 2012:

2009	\$	7,200
2010		9,600
2011		9,600
2012		9,600
	<b>\$</b>	<b>36,000</b>

# **Gossan Resources Limited**

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

**THREE MONTHS ENDED JUNE 30, 2008**

**(EXPRESSED IN CANADIAN DOLLARS)**

**(PREPARED BY MANAGEMENT)**

**(UNAUDITED)**

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### **14. COMPARATIVE INFORMATION**

Certain comparative figures have been reclassified to conform with current period financial statement presentation.

### **15. SUBSEQUENT EVENTS**

On July 16, 2008, the Company granted 270,000 incentive stock options to its officers and directors. All of the incentive stock options are exercisable at \$0.20 per common share, have a 4.7 year term and expire on March 28, 2013. Certain of the options are subject to vesting over twelve months.

On August 25, 2008, Marathon PGM Corporation triggered the formation of a 50:50 joint venture on the Bird River Project by making a cash payment of \$400,000 to Gossan and by having expended in excess of \$3 million on the Bird River Project.