

**FORM 51-102F3
MATERIAL CHANGE REPORT**

1. Name and Address of Company

Gossan Resources Limited (the "**Company**")
404-171 Donald Street
Winnipeg, MB R3C 1M4

2. Date of Material Change

May 17, 2021

3. News Release

A press release disclosing the material change was disseminated on May 17, 2021 through the facilities of Newsfile Corp.

4. Summary of Material Change

On May 17, 2021, the Company closed a non-brokered private placement for aggregate gross proceeds of \$1,920,000 (the "**Offering**").

5. Full Description of Material Change

Pursuant to the Offering, the Company issued an aggregate of 8,000,000 flow-through units (each, a "**FT Unit**") of the Company at a price of \$0.24 per FT Unit for aggregate gross proceeds of \$1,920,000. Each FT Unit consists of one common share in the capital of the Company, issued on a flow-through basis (each, a "**FT Share**") and one-half of one common share purchase warrant of the Company, issued on a non-flow-through basis (each whole warrant, a "**Warrant**"). Each whole Warrant is exercisable to acquire one common share of the Company, to be issued on a non-flow-through basis (each, a "**Warrant Share**") at a price of \$0.30 per Warrant Share until expiry on May 17, 2023.

The FT Shares comprising the FT Units will qualify as "flow-through shares" within the meaning of subsection 66(15) of the *Income Tax Act* (Canada). The gross proceeds from the issuance of the FT Units will be used by the Company to incur "Canadian exploration expenses" and will qualify as "flow-through mining expenditures" (the "**Qualifying Expenditures**"), as those terms are defined in the *Income Tax Act* (Canada), which will be renounced to the initial purchaser of the FT Shares with an effective date of no later than December 31, 2021.

In connection with the Offering, the Company paid a certain eligible person (the "**Finder**") a cash commission equal to 6% of the aggregate gross proceeds of the Offering with respect to the subscribers introduced to the Company by such Finder. The cash portion of the finder's fee was paid through the issuance of an aggregate of 480,000 common shares of the Company (each, a "**Finder Share**") to the Finder at a deemed price of \$0.24 per Finder Share. In addition, the Company issued an aggregate of 480,000 finder warrants (the "**Finder Warrants**") to the Finder, being equal to 6% of the aggregate number of FT Units sold under the Offering attributable to the Finder. Each Finder Warrant entitles the holder thereof to acquire one common share (each a "**Finder Warrant Share**") of the Company at a price of \$0.24 per Finder Warrant Share until expiry on May 17, 2023.

The Offering is subject to receipt of all necessary regulatory and other approvals, including the final acceptance of the TSX Venture Exchange. The securities issued under the Offering are subject to a statutory hold period expiring on September 18, 2021.

The securities being offered pursuant to the Offering have not been, nor will they be, registered under the United States *Securities Act of 1933*, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements. This news release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The Offering constituted a “related party transaction” as such term is defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transaction (“**MI 61-101**”) as a certain purchaser subscriber for an aggregate of 7,900,000 FT Units pursuant to the Offering, resulting in such subscriber becoming an insider of the Company on completion of the Offering.

The following supplementary information is provided in accordance with Section 5.2 of Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”).

(a) a description of the transaction and its material terms:

In connection with the Offering, Mr. Eric Sprott purchased an aggregate of 7,900,000 FT Units for a total consideration of \$1,896,000. Subsequent to the closing of the Offering, Mr. Sprott beneficially owns or controls 7,900,000 FT Shares of the Company and 3,950,000 Warrants of the Company, representing approximately 14.23% of the Company’s issued and outstanding common shares (“**Common Shares**”) on an undiluted basis and approximately 19.93% of the Company’s issued and outstanding Common Shares on a partially diluted basis (assuming the exercise of the Warrants acquired pursuant to the Offering and forming part of the FT Units). Prior to completion of the Offering, Mr. Sprott did not beneficially own or control any securities of the Company.

(b) the purpose and business reasons for the transaction:

The Company completed the Offering for exploration and development activities on the Company’s mineral properties located in Canada.

(c) the anticipated effect of the transaction on the issuer’s business and affairs:

The completion of the Offering will improve the Company’s ability to carry out exploration and development activities on its mineral properties located in Canada.

(d) a description of:

(i) the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Mr. Eric Sprott acquired an aggregate of 7,900,000 FT Units pursuant to the Offering.

- (ii) **the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:**

Pursuant to the Offering, Mr. Eric Sprott purchased an aggregate of 7,900,000 FT Units for total consideration of \$1,896,000. Subsequent to the closing of the Offering, Mr. Sprott beneficially owns or controls 7,900,000 FT Shares of the Company and 3,950,000 Warrants of the Company, representing approximately 14.23% of the Company's issued and outstanding Common Shares on an undiluted basis and approximately 19.93% of the Company's issued and outstanding Common Shares on a partially diluted basis (assuming the exercise of the Warrants acquired pursuant to the Offering and forming part of the FT Units). Prior to completion of the Offering, Mr. Sprott did not beneficially own or control any securities of the Company.

- (e) **unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

A resolution of the board of directors was passed on May 14, 2021, approving the Offering. No special committee was established in connection with the Offering, and no materially contrary view or abstention was expressed or made by any director.

- (f) **A summary in accordance with section 6.5 of MI 61-101, of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:**

Not applicable.

- (g) **disclosure, in accordance with section 6.8 of MI 61-101, of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- (i) **that has been made in the 24 months before the date of the material change report:**

Not applicable.

- (ii) **the existence of which is known, after reasonable enquiry, to the issuer or to any director or officer of the issuer:**

Not applicable.

- (h) **the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:**

Other than subscription agreements for the FT Units, the Company did not enter into any agreement with an interested party or a joint actor with an interested party in connection with the Offering. To the Company's knowledge, no related party to the Company entered into any agreement with an interested party or a joint actor with an interested party, in connection with the Offering.

(i) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under sections 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

The Company is relying on the exemptions from the valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101, as the fair market value of the securities being issued to "insiders" in connection with the Offering does not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report in respect of the related party transaction at least 21 days before the closing of the Offering, which the Company deems reasonable in the circumstances in order to complete the Offering in an expeditious manner.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

This Material Change Report is not being filed on a confidential basis.

7. Omitted Information

No significant facts have been omitted from this Material Change Report.

8. Executive Officer

For further information, contact Douglas Reeson, Chairman and Chief Financial Officer of the Company at (416) 533-9664.

9. Date of Report

This report is dated at Toronto, this 25th day of May, 2021.

Cautionary Statement on Forward-Looking Information

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

No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein. This material change report contains forward-looking information which is not comprised of historical facts. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward looking information in this material change report includes, but is not limited to, uncertainty over the outcome of any litigious matters, the Company's objectives, goals or future plans, statements regarding exploration results and exploration plans. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, capital and operating costs varying

significantly from estimates, the preliminary nature of metallurgical test results, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, fluctuations in commodity prices, delays in the development of projects and the other risks involved in the mineral exploration and development industry, and those risks set out in the Company's public documents filed on SEDAR. Although the Company believes that the assumptions and factors used in preparing the forward-looking information in this material change report are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this material change report, and no assurance can be given that such events will occur in the disclosed time frames or at all. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.