



THIRD QUARTER REPORT

For the nine months period ended August 31, 2006 and 2005

(Canadian \$)

- Notice to Reader
- Interim Consolidated Balance Sheets
- Interim Consolidated Statements of Operations and Deficit
- Interim Consolidated Statements of Cash Flows
- Notes to the Interim Consolidated Financial Statements



Notice to Reader

The accompanying unaudited interim consolidated financial statements and all information in the Quarter Report have been prepared by and are the responsibility of the management of the Company.

The Audit Committee of the Board of Directors, consisting of three members, has reviewed the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The Company's independent auditors, Manning Elliott, Chartered Accountants, have not performed a review of these consolidated financial statements.

"Robert Wasylshyn"

Robert Wasylshyn, President

"Glen Dickson"

Glen Dickson, Chairman

GOLD-ORE RESOURCES LTD.**INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)****AS AT AUGUST 31, 2006****3**

	Unaudited	Audited
	Aug. 31, 2006	Nov. 30, 2005
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 117,719	\$ 88,464
Short term investments (Bankers' Acceptance)	1,483,394	-
Accounts receivable and refundable taxes	27,968	21,784
Prepaid expenses and deposits	8,955	3,135
	<u>1,638,036</u>	<u>113,383</u>
PROPERTY PLAN AND EQUIPMENT (Note 3)	14,477	13,897
MINERAL PROPERTIES (Note 4)	-	11,050
DEFERRED CHARGES (Note 5)		
Advances to Bjorkdal	2,035,555	-
Deferred corporate cost-Bjorkdal	1,784,966	200,119
	<u>3,820,521</u>	<u>211,169</u>
	<u>\$ 5,473,033</u>	<u>\$ 338,449</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 16,197	\$ 85,860
SHAREHOLDER'S EQUITY		
CAPITAL STOCK (Note 6)	9,127,258	3,618,684
CONTRIBUTED SURPLUS (Note 7)	478,719	102,650
DEFICIT	(4,149,141)	(3,468,745)
	<u>5,456,837</u>	<u>252,589</u>
	<u>\$ 5,473,033</u>	<u>\$ 338,449</u>

See accompanying notes

On behalf of the Board:

"Bob Wasylyshyn"
Bob Wasylyshyn, Director"Glen Dickson"
Glen Dickson, Director

GOLD-ORE RESOURCES LTD.**INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (Unaudited)****FOR THE NINE MONTHS ENDED AUGUST 31, 2006 AND AUGUST 31, 2005****4**

	Three months ended August 31		Nine months ended August 31	
	2006	2005	2006	2005
INCOME				
Interest and Other Income	18,435	2,060	49,271	9,993
EXPLORATION EXPENSES				
Assaying	-	6,333	1,694	6,556
Consulting	-	52,508	18,118	102,647
Drilling	-	2,142	-	2,142
Field Equipment and Supplies	451	669	3,181	1,298
Field Labour	-	1,377	1,351	1,460
Field Office	-	722	419	4,051
Licenses, Taxes, and Permits	462	1,789	10,696	2,176
Surveying and Mapping	-	1,563	243	1,563
Travel and Accommodation	3,986	17,414	6,253	33,291
Vehicles and Fuel	76	4,884	1,855	8,156
	4,975	89,401	43,809	163,338
ADMINISTRATION EXPENSES				
Accounting and Legal	13,261	2,119	36,365	26,751
Amortization	1,308	644	3,044	1,932
Bank Charges and Interest	698	240	1,514	1,001
Compensation Expense	5,820	-	320,500	30,900
Foreign Exchange (Gain) Loss	(205)	2,955	3,419	3,176
Insurance	-	1,568	-	4,703
Investors Relations	20,000	-	20,000	-
Management Fees	60,000	34,675	175,000	94,060
Office, Rent, Couriers and Printing	19,526	15,382	54,073	48,958
Transfer Agent Fees and Regulatory Fees	4,793	1,846	14,559	8,139
Salaries	20,584	4,605	34,149	11,050
Travel and Accommodation	16,133	228	23,235	1,206
Write-off Acquisition Cost	-	6,248	-	6,248
Write-off Deferred Exploration Cost	-	284,537	-	284,537
	161,917	355,047	685,857	522,661
TOTAL EXPENSES	166,893	444,448	729,666	685,999
NET LOSS FOR THE PERIOD	148,458	442,388	680,396	676,006
DEFICIT-BEGINNING OF PERIOD	4,000,683	2,894,202	3,468,745	2,660,584
DEFICIT- END OF PERIOD	4,149,141	3,336,590	4,149,141	3,336,590
Basic and Diluted Loss per Share	(0.00)	(0.02)	(0.01)	(0.03)
Weighted Average Number of Shares Outstanding for the Period	50,601,350	23,548,650	54,213,876	22,935,198

See accompanying notes

GOLD-ORE RESOURCES LTD.**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)****FOR THE NINE MONTHS ENDED AUGUST 31, 2006 AND AUGUST 31, 2005****5**

	Three months ended August 31		Nine months ended August 31	
	2006	2005	2006	2005
CASH FROM (USED IN)	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net Loss for the Period	(148,458)	(442,388)	(680,396)	(676,006)
Items not involving cash				
Amortization	1,308	644	3,044	1,932
Securities received for sale of ppty option	-	-	-	-
Write-off acquisition costs	-	6,248	-	6,248
Write-off exploration costs	-	284,537	-	284,537
Fair value of agent options	5,820	-	5,820	-
Compensation expense	5,820	-	320,500	30,900
	(135,510)	(150,959)	(351,032)	(352,389)
Change in non-cash working capital items				
Accounts receivable and refundable taxes	(6,281)	(2,225)	(6,184)	(5,766)
Prepaid expenses and deposits	(5,820)	1,568	(5,820)	4,879
Accounts payable & accrued liabilities	(10,436)	12,160	(69,663)	(45,039)
Deferred financing costs	-	-	-	-
	(158,047)	(139,456)	(432,699)	(398,315)
FINANCING ACTIVITIES				
Shares Issued	152,301	-	4,360,676	200,000
Financing costs	-	-	(379,153)	(17,617)
	152,301	-	3,981,523	182,383
INVESTING ACTIVITIES				
Exploration costs	-	-	-	(218,539)
Proceeds on sale of property	-	-	11,050	-
Purchase of short term investments	452,336	-	(1,483,394)	-
Purchase of mineral claims & option pymts	(875,520)	-	(2,035,555)	(1,948)
Purchase of property, plant and equipment	(1,947)	-	(3,623)	(9,131)
Corporate costs deferred	-	-	(8,047)	-
Sale of marketable securities	-	-	-	729,465
	(425,131)	-	(3,519,569)	499,847
CASH - INCREASE (DECREASE) DURING PERIOD	(430,877)	(139,456)	29,255	283,915
CASH - BEGINNING OF PERIOD	548,596	451,469	88,464	28,098
CASH - END OF PERIOD	117,719	312,013	117,719	312,013
NON-CASH FINANCING ACTIVITIES				
20,000 Shares were issued of acquisition of property in Nicaragua	-	-	-	4,300
50,000 Shares issued in payment of commission	-	-	-	10,000
5,840,000 Shares were issued for Option of property in Sweden	-	-	1,576,800	-
	-	-	1,576,800	14,300

See accompanying notes

1. BASIS OF PRESENTATION

The accompanying interim consolidation statements of Gold-Ore Resources Ltd. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principals for interim financial statements and accordingly do not include all disclosures required for annual financial statements.

Except as otherwise disclosed in these notes, the Interim Consolidated Financial Statements follow the same accounting policies and methods of application as the Company's annual consolidated financial statements for the year ended November 30, 2005 (the "Annual Report"), and include all adjustments necessary to present fairly the results for the interim periods. The results of operations for the nine months period ended August 31, 2006 are not necessarily indicative of results to be expected for the entire year ending November 30, 2006. The Interim Consolidated Financials Statements should be read in conjunction with the Annual Report.

2. NATURE OF OPERATIONS

Gold-Ore Resources Ltd. ("the Company" or "Gold-Ore") was incorporated on October 22, 1996 under the Business Corporations Act (Alberta). On December 16, 1996 the Company was extra-provincially registered under the Company Act of British Columbia. The Company's principal business activities include the acquisition, exploration and development of mineral properties domiciled in Central America, the United States, and Sweden. The Company is in the exploration stage and has not yet determined whether any of these properties contain ore reserves that are economically recoverable.

These financial statements have been prepared on a consolidated basis and include the assets, liabilities and operations of the Company and its 100% owned U.S. subsidiary, La Plata Minerals Limited, and its 100% owned Honduran subsidiary, Recursos Santana S.A. de C.V. All material intercompany balances and transactions have been eliminated.

3. PROPERTY PLANT AND EQUIPMENT

			Aug. 31, 2006	Nov. 30, 2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Office equipment	\$ 26,744	\$ 12,267	\$ 14,477	\$ 13,897
	<u>\$ 26,744</u>	<u>\$ 12,267</u>	<u>\$ 14,477</u>	<u>\$ 13,897</u>

4. MINERAL PROPERTIES**(a) Central America - Guatemala**

In January 2005, the Company formed a syndicate with two arm's length parties to explore for uranium in Central America. Under the terms of the agreement the Company will be carried for the initial \$1 million expenditure by the two other companies. Thereafter, each of the three companies will share in further expenditures. Two continuous mineral concessions covering 169 square kilometres were granted by the Ministry of Mines in February 2006. A prospecting and sampling program was carried out in March, now the joint venture is reviewing the data obtained from the program to determine future work programs on the property.

4. MINERAL PROPERTIES (Continued)**(b) USA**

The La Plata mineral claims in Colorado were sold in December 2005 to Jackson Ventures Inc. of Vancouver, BC. The Company transferred 100% undivided interest in 12 unpatented lode claims and one patented claim for the sum of \$11,050 (US\$9,500).

5. OPTION TO ACQUIRE MINING OPERATIONS

On January 23, 2006, the Company signed an Exclusive Option Agreement (the "Option") to purchase 100% of the share capital of Bjorkdalsgruvan AB of Sweden ("Bjorkdalsgruvan") from Minmet plc of Dublin, Ireland ("Minmet").

In consideration for the Option, the Company is required to:

- (i) Issue to Minmet 5,840,000 common shares of the Company. This commitment was fulfilled on February 17, 2006. The fair value of the shares issued was \$1,576,800.
- (ii) Advance US\$1,500,000 to Bjorkdalsgruvan to by way of an unsecured non-recourse loan, by June 30, 2006. As at August 31, 2006, the Company has advance US\$1,500,000 (CA\$1,785,555) under this facility which has been directed at expenditures for the exploration program. To the end of the quarter the work completed includes 900 metres of tunnelling, 5400 metres of underground diamond drilling, 7500 analyses for gold. Expenditures also include all geological and technical personnel and support logistics. The advances are non-interest bearing and are non-repayable should the Option expire unexercised or in the event of early termination of the Option by the Company.
- (iii) Make available a standby loan facility, in consortium with Minmet, of up to US\$1.5 million to finance any operating shortfalls. Under the terms of the loan facility, the initial US\$500,000 would be advanced by the Company, while the remaining US\$1 million would be advanced equally by the Company and Minmet. As at August 31, 2006, the Company has advance US\$227,100 (CA\$250,000) under this facility. The advances are non-interest bearing and are non-repayable should the Option expire unexercised or in the event of early termination of the Option by the Company.

The Company has incurred the following expenditures in relation to the Option:

	Aug. 31, 2006	Nov. 30, 2005
Shares issued to Minmet (i)	\$ 1,576,800	\$ —
Advances to Bjorkdalsgruvan (ii and iii)	2,035,555	—
Corporate transaction costs	208,166	200,119
	<hr/> \$ 3,820,521	<hr/> \$ 200,119

Upon exercising the Option, the Company will be required to pay Minmet US\$2.0 million cash, issue to Minmet the greater of 4,000,000 common shares of the Company and the number of common shares of the Company equivalent to US\$2.0 million based on the value of the closing price of the Company's common shares on the date of exercise, and repay Minmet any funds advanced by Minmet to Bjorkdalsgruvan under the standby loan facility. Minmet will retain a sliding-scale net smelter royalty ("NSR") of between 0.50% and 1.75%, which changes based on gold prices. The Company may purchase the NSR for US\$1.0 million anytime after exercising the option.

GOLD-ORE RESOURCES LTD.**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****FOR THE NINE MONTHS ENDED AUGUST 31, 2006 AND AUGUST 31, 2005**8

5. OPTION TO ACQUIRE MINING OPERATIONS (Continued)

The assets of Bjorkdalsgruvan include an operating plant, reserves/resources and exploration properties of the Bjorkdal gold mine ("Bjorkdal") located in northern Sweden. Bjorkdal is located 30 kilometres northwest of the city of Skelleftea and 750 kilometres north of Stockholm, Sweden.

The area has a long history of mining and has developed functional infrastructure including paved roads, low cost hydropower and a skilled labour force. In 2005 the Company conducted independent technical due diligence of the mine site and corporate due diligence on Bjorkdalsgruvan AB. A National Instrument 43-101 compliant report on the resources defined in the pit area of the mine was prepared.

6. CAPITAL STOCK

Authorized:

Unlimited common shares, voting, without par value

Unlimited preferred shares, non-voting, without par value

<i>Balance November 30, 2004</i>	22,478,650	\$ 3,432,002
Shares issued during 2005		
For mineral properties (i)	20,000	4,300
For cash - private placement , net of share issue costs (ii)	1,000,000	182,382
For services - share issue costs	50,000	-
<hr/>		
<i>Balance November 30, 2005</i>	23,548,650	\$ 3,618,684
Shares issued during 2006		
For mineral properties (iii)	5,840,000	1,576,800
For cash		
Exercise of warrants and agent options	1,393,605	341,676
Exercise of stock options	125,000	19,000
Private placement, net of share issued costs (iv)	20,000,000	3,544,347
Fair value of options exercised		26,751
<hr/>		
<i>Balance August 31, 2006</i>	50,907,255	9,127,258

(i) On December 16, 2004, the Company issued 20,000 common shares to Glencairn Gold Corporation under the terms of a Definitive Agreement signed to explore the Tatascome Project in the northern portion of the La India Gold District, Nicaragua.

(ii) On March 30, 2005 the Company issued 1,000,000 units at a price of \$0.20 per unit for gross proceeds of \$200,000. Each unit consisted of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable to purchase one common share of the Company at a price of \$0.25 expiring March 30, 2006, and thereafter at a price of \$0.30 expiring March 30, 2007. The Company paid commissions of \$10,000 and 10,000 common shares at a value of \$0.20 per share, together with agent options to acquire 50,000 units, carrying terms similar to those units issued in the private placement.

6. CAPITAL STOCK (Continued)

- (iii) On February 17, 2006, the Company issued 5,840,000 common shares to Minmet under the terms of the Exclusive Option Agreement (Note 5) to complete the acquisition of an exclusive option to purchase 100% of the share capital of Bjorkdalsgruvan.
- (iv) On February 17, 2006, the Company closed a brokered equity financing for gross proceeds of \$4,000,000. Ten million common shares at \$0.20 were sold pursuant to a Short Form Offering Document and 10,000,000 units were sold under a concurrent, brokered private placement at \$0.20 ("Unit"). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.30 per share expiring February 18, 2008. In the event that the Company's shares trade at a price of \$0.45 or more for a period of at least 20 consecutive trading days, after June 18, 2006, the Company will have the right to reduce the exercise period of the warrants to 30 days, after such period. The Company paid a cash commission of \$260,000, issued 975,000 agent warrants with an exercise price of \$0.20 expiring February 18, 2008, and 525,000 agent options entitling the agent to acquire one unit with terms similar to those units issued under the brokered private placement.

Stock options, warrants and agents option

- a) On June 22, 2006 the Company granted incentive stock options to one of its consultants to purchase up to 50,000 common shares at an exercise price of \$0.43. The option is exercisable for a period of three years ending June 22, 2009. The Company calculated a stock-based compensation expense of \$11,640 which approximates its fair value; \$5,820 has been recognized in the current period, and the remaining \$5,820 will be fully recognized at November 30, 2006. The fair value was determined using the Black-Scholes option-pricing model based on the following assumptions: expected life – 2 years; risk free interest rate – 4.35%; expected volatility – 100%; and no dividend yield.

At August 31, 2006 the Company had the following options and warrants outstanding:

Security	Number	Exercise Price	Expiry date
Options	175,000	\$0.10	Feb. 08, 2007
Options	650,000	\$0.10	April 12, 2007
Options	400,000	\$0.15	Jan. 16, 2008
Options	200,000	\$0.44	April 19, 2009
Options	50,000	\$0.43	June 22, 2009
Options	450,000	\$0.23	Mar. 18, 2010
Options	1,700,000	\$0.34	Mar. 27, 2011
Warrants	362,500	\$0.30	Mar. 30, 2007
Warrants	4,741,000	\$0.30	Feb. 08, 2007

During the first quarter 2006, the Company issued 975,000 agent warrants with an exercise price of \$0.20, expiring February 18, 2008 and 525,000 agent options to acquire 525,000 units in connection with the financing described in note 6 (iv).

At August 31, 2006 the Company had the following agent options and warrants outstanding

Security	Number	Exercise Price	Expiry date
Options	761,595	\$0.20	Feb. 18, 2008
Unit-Option	368,100	\$0.20	Feb. 18, 2008

GOLD-ORE RESOURCES LTD.**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****FOR THE NINE MONTHS ENDED AUGUST 31, 2006 AND AUGUST 31, 2005**10

7. CONTRIBUTED SURPLUS

Consist of unexercised fair value (FV) of stock options and share purchase warrants as follows:

	Aug. 31, 2006	Nov. 30, 2005
Balance, beginning of year	\$ 102,650	\$ -
FV of stock options granted	326,320	102,650
FV of agents options granted	76,500	-
Less FV of options exercised	(26,751)	-
Balance August 31, 2006	\$ 478,719	\$ 102,650

8. RELATED PARTY TRANSACTIONS

During the nine month ended August 31, 2006, the Company paid \$175,000 (August 31, 2005: \$135,000) in management and consulting fees to two Executive Directors as compensation for services performed.

9. SEGMENTED INFORMATION

In the opinion of management, the Company operates in one industry segment, the exploration and development of mineral properties. Management of the Company makes decisions about allocating resources based on the one operating segment.

A geographic summary of mineral properties and property, plant and equipment by country is as follows:

	Mineral Properties		Property and Equipment	
	Aug. 31, 2006	Nov. 30, 2005	Aug. 31, 2006	Nov. 30, 2005
United States	\$ -	\$ 11,050	\$ -	\$ -
Canada	-	-	14,477	13,897
TOTAL	\$ -	\$ 11,050	\$ 14,477	\$ 13,897

10. SUBSEQUENT EVENTS

On September 22, 2006 the Company accelerated the expiry date of the warrants issued on February 17, 2006 (Note 6 iv). The proceeds from the exercised warrants will be used for an extension of the program at the Bjorkdal Gold Mine in Sweden. The new expiry date is on the close of business October 30, 2006. Any warrants that have not been exercised on or before that date will be deemed cancelled. As October 18, 2006 the number of warrants exercised was 2,920,374.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED AUGUST 31, 2006

1

PRELIMINARY INFORMATION

The following Management Discussion and Analysis ("MD&A") of Gold-Ore Resources Ltd. (the "Company") is intended to supplement and complement the accompanying unaudited interim consolidated financial statements and notes for the period ended August 31, 2006 ("Third Quarter 2006"), and should be read in conjunction with the annual audited consolidated financial statements and related MD&A's for the year ended November 30, 2005, which is available at the SEDAR website at www.sedar.com or at the Gold-Ore Resources Ltd. website at www.goldoreresources.com

All financial information in this MD&A is prepared in accordance with Canadian generally accepted accounting principles, and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Significant accounting policies are set out in Note 2 of the audited annual consolidated financial statements.

All information contained in this MD&A is as of October 18, 2006 unless otherwise indicated.

Forward-looking statements

The following MD&A contains assumptions, estimates, and other forward-looking statements regarding future events. Such forward-looking statements involve inherent risks and uncertainties and are subject to factors, many of which are beyond the Company's control that may cause actual results or performance to differ materially from those currently anticipated in such statements. Important factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include among others metal price volatility, economic and political events effecting the awarding of concessions, mechanical and technical difficulties, and availability of financing on acceptable terms. Readers are cautioned not to put undue reliance on these forward-looking statements.

OVERVIEW

Gold-Ore Resources Ltd. was incorporated on October 22, 1996 under the Business Corporations Act (Alberta). On December 16, 1996 the Company was extra-provincially registered under the Company Act of British Columbia.

The Company is a mineral exploration company engaged in the acquisition, exploration and development of mineral properties. During the quarter the Company continued its activities in northern Sweden. The Company continues limited activities for base and precious metals and uranium targets in Central America. The Company has no other sources of revenue other than interest on cash and marketable securities.

The Company has a wholly owned Honduran subsidiary, Recursos Santana SA de CV, that enables the Company to hold mining concessions in that country. In addition, the Company has a wholly owned American subsidiary, La Plata Minerals Limited.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED AUGUST 31, 2006

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EXPLORATION ACTIVITIES

Bjorkdal Gold Project, Sweden

During the quarter the Company continued the Phase I exploration program on the Bjorkdal Project in northern Sweden. The goal of the program is to expand the measured and indicated resource categories of the deposit and will be followed by a Phase 2 program that will include an independent feasibility study of re-activating mining and full scale production at the site. The property is fully permitted for mining, and the on-site plant is producing gold at the rate of approximately 20,000 ounces per year from surface stockpiles. Gold-Ore has an option until December 31, 2007 to purchase 100% interest in the project from Minmet plc of Dublin, Ireland.

A 5 metre by 5 metre tunnel that cross-cuts the trend of the gold bearing quartz veins for 350 metres was completed. Four drives turned off the ramp at 90 degrees, were also driven along gold bearing quartz veins. A total of 900 metres of underground excavation was completed. Additional test mining that will generate bulk samples to test grade continuity is currently underway.

Diamond drilling is being conducted from drill stations established along the drives. Radial fan patterns of holes are drilled perpendicular to the drives from drill stations established on 30 metre spaced sections. The drilling commenced in early June and a second rig was mobilized in late June. As of the date of this discussion, 64 holes have been completed totalling 5400 metres of the planned 20,000 metre program.

The tunnels excavated provide access for core drilling and were positioned on the projection of the mineralization from the open pit. The rock removed was processed in campaigns at the Bjorkdal mill and resulted in the recovery of 2,120 ounces of gold. The gold was sold at spot prices and, to date, generated approximately US\$1.25 million which has significantly offset exploration costs.

Engineering studies that deal with all aspects of re-activating mining and full scale production at the Bjorkdal Mine were initiated in May. The studies will provide the required information for a feasibility study to be commissioned upon completion of the exploration program. The feasibility study will address various scenarios including; mining methods, capital cost estimates, operating cost estimates and cash flow models.



MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED AUGUST 31, 2006

3

SELECTED FINANCIAL INFORMATION:

Third Quarter of 2006 – Nine Months ended August 31, 2006 compared to August 31, 2005

	Aug. 31, 2006	Aug. 31, 2005
	\$	\$
Interest Income	49,271	9,993
Write-off acquisition and exploration costs	-	-
Loss before other items	680,396	676,006
Net loss for the period	680,396	676,006
Net loss per common share, basic and diluted	0.01	0.03
Total Assets	5,589,833	357,964
Total Long Term Liabilities	-	-
Shareholder's Equity	5,573,637	336,994
Working Capital	1,621,839	324,121

Expenses

For the nine-month period ended August 31, 2006, the Company spent \$729,666 (\$685,999 in 2005) for exploration and administration (exclusive of Bjorkdal activities). Exploration expenses decreased from \$163,338 in 2005 to \$43,809 in 2006 as the Company is concentrating its efforts on the Bjorkdal project in Sweden. Expenditures incurred in relation to this project are advanced by the Company by way of a non-recourse loan to Bjorkdalsgruvan AB. These advances have been capitalized on the balance sheet under "Deferred Charges" (see Note 5 in accompanying financial statements) and are used for the activities disclosed under Exploration Activities. Administrative expenses increased from \$522,661 in 2005 to \$685,857 in 2006 as stock-based compensation expense increased by \$289,600, management fees increased by \$80,940 and write-offs of mineral property acquisition and exploration costs decreased by \$290,785. The remaining increase is due to increases in salaries, travel, accounting and legal and investor relations

The Company received \$49,271 as interest income from short term investments (Bankers' Acceptance).



**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED AUGUST 31, 2006**

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SUMMARY OF QUARTERLY RESULTS

	2006				2005			2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	\$	\$	\$	\$	\$	\$	\$	\$
Interest and other income	18,435	28,449	2,387	820	2,060	3,211	4,722	2,453
Write-off Acquisition and Deferred costs	-	-	-	40,852	290,785	-	-	1,492,852
Loss before other items	148,458	423,494	108,443	91,303	151,603	137,645	95,973	71,544
Net loss	148,458	423,494	108,443	132,155	442,388	137,645	95,973	1,564,396
Net loss per share, basic and diluted	0.00	0.01	0.01	0.01	0.02	0.01	0.01	0.08

The above table provides selected financial information of the Company for each of the last eight quarters ending with the quarter ended August 31, 2006.

LIQUIDITY AND CAPITAL RESOURCES:

Operating Cash Flow

The operating cash outflow after allowing for changes in non-cash working capital accounts was \$432,699 in the Third Quarter 2006, as compared to the operating cash outflow in the same period of 2005 of \$398,315. The difference between the two periods is due mostly to the increase in management fees, salaries, transfer and regulatory fees, and travel and accommodation expenses.

Investing Activities

During the Third Quarter 2006 the Company focused its efforts on the Bjorkdal Gold Mine in northern Sweden (see Note 5 in accompanying Financial Statements), advancing \$875,520 to Bjorkdalsgruvan for exploration activities. The Company withdrew \$452,336 from its short term investments in order to complete the advance to Bjorkdalsgruvan for exploration activities.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED AUGUST 31, 2006

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Financing Activities

On February 17, 2006, the Company closed a brokered equity financing for gross proceeds of \$4,000,000. Ten million common shares were sold at \$0.20 pursuant to a Short Form Offering Document and 10,000,000 units were sold under a concurrent, brokered private placement at \$0.20 ("Unit"). Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase an additional common share at a price of \$0.30 per share expiring February 18, 2008. In the event that the Company's shares trade at a price of \$0.45 or more for a period of at least 20 consecutive trading days, after June 18, 2006, the Company will have the right to reduce the exercise period of the warrants to 30 days, after such period. The Company paid a cash commission of \$260,000, issued 975,000 agent warrants with an exercise price of \$0.20 expiring February 18, 2008, and 525,000 agent options entitling the agent to acquire one unit with terms similar to those units issued under the brokered private placement.

During the three month period ending August 31, 2006 the Company received \$152,301 from the exercise of warrants and options.

Cash Resources and Liquidity

As of the end of the Third Quarter 2006, the Company had working capital of \$1,621,839 compared to working capital of \$324,121 at the end of the Third Quarter 2005. The increase in working capital relates mostly to the equity financing closed on February 2006.

TRANSACTIONS WITH RELATED PARTIES

The Company paid a total of \$175,000 (\$135,000 in 2005) in management and consulting fees to two Executive Directors as compensation for services performed.

SUBSEQUENT EVENTS

On September 22, 2006 the Company accelerated the expiry date of the warrants issued on February 17, 2006 (see Note 6 iv in accompanying financial statements). The proceeds from the exercised warrants will be used for an extension of the program at the Bjorkdal Gold Mine in Sweden. The new expiry date is on the close of business October 30, 2006. Any warrants that have not been exercised on or before that date will be deemed cancelled. As October 18, 2,920,374 warrants have been exercised.



MANAGEMENT DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED AUGUST 31, 2006

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OTHER INFORMATION

Outstanding Share Data

Authorized:

Unlimited common shares, voting, without par value

Unlimited preferred shares, non-voting, without par value

As of October 18, 2006, the Company had the following common shares, options, warrants, and agents options outstanding:

▪ Common Shares	53,678,047
▪ Share Purchase Options	3,625,000
▪ Warrants	2,486,000
▪ Agent Options	1,003,477
▪ Agent Warrants	218,626

DIRECTORS

Glen D. Dickson – Chairman

Alvin W. Jackson

Ron A. Ewing - Secretary/Treasurer

Robert S. Wasylyshyn – President

Donald A. Sawyer

David F. Mullen

OUTLOOK

The Company will continue to be dependent on additional equity financing, as market conditions permit. Funds raised through such financing may be directed towards a second phase of underground tunnelling in order to expand the resources, additional engineering studies and exploration in proximity to the mine site in Sweden. Further capital expenditures will be required if the Company exercises its option to purchase Bjorkdalsgruvan AB.