



**GOLD-ORE RESOURCES LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED
AUGUST 31, 2010 AND 2009**



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.

"Glen Dickson"
Chief Executive Officer

"Maricruz Alvarado"
Chief Financial Officer

GOLD-ORE RESOURCES LTD.
CONSOLIDATED BALANCE SHEETS
(Unaudited)

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| | August 31, 2010 | November 30, 2009 |
|--|--------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 7,732,170 | \$ 3,441,248 |
| Short-term investments | – | 228,194 |
| Accounts receivable (Note 4) | 6,337,176 | 5,669,016 |
| Inventories (Note 5) | 3,677,561 | 3,258,161 |
| Prepaid expenses | 137,257 | 123,364 |
| | 17,884,164 | 12,719,983 |
| RECLAMATION BONDS | 709,726 | 745,213 |
| MINERAL PROPERTIES, PLANT AND EQUIPMENT (Note 6) | 24,909,848 | 24,366,503 |
| | \$ 43,503,738 | \$ 37,831,699 |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 7) | \$ 6,710,820 | \$ 7,183,031 |
| Income tax payable | 1,638,410 | 318,557 |
| | 8,349,230 | 7,501,588 |
| ASSET RETIREMENT OBLIGATION (Note 8) | 1,804,070 | 1,811,520 |
| FUTURE INCOME TAX LIABILITY | 1,481,802 | 1,321,653 |
| | 11,635,102 | 10,634,761 |
| SHAREHOLDERS' EQUITY | | |
| SHARE CAPITAL (Note 9) | 26,167,986 | 25,984,059 |
| CONTRIBUTED SURPLUS (Note 10) | 2,958,388 | 2,686,452 |
| ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 11) | (793,464) | 169,554 |
| RETAINED EARNINGS | 3,535,726 | (1,643,127) |
| | 31,868,636 | 27,196,938 |
| | \$ 43,503,738 | \$ 37,831,699 |

COMMITMENTS (Notes 6)
SUBSEQUENT EVENT (Note 19)

See accompanying notes to the consolidated financial statements

Approved on Behalf of the Board of Directors:

(signed) "Robert Wasylyshyn"
Bob Wasylyshyn, Director

(signed) "Glen Dickson"
Glen Dickson, Director

GOLD-ORE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS AND INCOME
FOR THE PERIODS ENDED AUGUST 31, 2010 AND 2009
(Unaudited)

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| | Three Months Ended | | Nine Months Ended | |
|---------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 |
| REVENUES | \$ 14,124,027 | \$ 8,368,983 | \$ 37,578,751 | \$ 29,293,016 |
| Operating expenses | 9,053,252 | 7,933,754 | 25,166,215 | 19,976,492 |
| Amortization and accretion | 1,825,582 | 1,240,902 | 4,697,472 | 3,378,916 |
| Royalties | — | 26,591 | — | 205,891 |
| | 10,878,834 | 9,201,247 | 29,863,687 | 23,561,299 |
| INCOME FROM MINE OPERATIONS | 3,245,193 | (832,264) | 7,715,064 | 5,731,717 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | | | |
| Corporate administration | 302,813 | 170,848 | 768,032 | 645,799 |
| Stock-based compensation (Note 12) | 52,493 | 3,393 | 363,362 | 9,048 |
| | 355,306 | 174,241 | 1,131,394 | 654,847 |
| INCOME (LOSS) BEFORE OTHER ITEMS | 2,889,887 | (1,006,505) | 6,583,670 | 5,076,870 |
| OTHER INCOME (EXPENSE) | | | | |
| Foreign exchange gain (loss) | (14,407) | (16,655) | (7,745) | (20,593) |
| Interest expense | — | (19,016) | — | (43,211) |
| Interest income | 2,352 | 3,445 | 3,352 | 13,364 |
| Option payment received | 20,854 | 16,622 | 20,854 | 16,622 |
| INCOME (LOSS) BEFORE INCOME TAXES | 2,898,686 | (1,022,109) | 6,600,131 | 5,043,052 |
| INCOME TAXES | | | | |
| Current income tax recovery (expense) | (417,402) | — | (1,240,006) | — |
| Future income tax recovery (expense) | (139,134) | — | (181,272) | — |
| | (556,536) | — | (1,421,278) | — |
| INCOME (LOSS) FOR THE PERIOD | 2,342,150 | (1,022,109) | 5,178,853 | 5,043,052 |
| DEFICIT, BEGINNING OF PERIOD | 1,193,576 | (594,083) | (1,643,127) | (6,659,244) |
| RETAINED EARNINGS, END OF PERIOD | \$ 3,535,726 | \$ (1,616,192) | \$ 3,535,726 | \$ (1,616,192) |
| EARNINGS (LOSS) PER SHARE (Note 13) | | | | |
| Basic and diluted | \$ 0.03 | \$ (0.01) | \$ 0.06 | \$ 0.06 |

See accompanying notes to the consolidated financial statements

GOLD-ORE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED AUGUST 31, 2010 AND 2009
(Unaudited)

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| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------------------|--------------------|--------------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 |
| CASH FROM (USED IN): | | | | |
| OPERATING ACTIVITIES | | | | |
| Income (Loss) for the period | \$ 2,342,150 | \$ (1,022,109) | 5,178,853 | \$ 5,043,052 |
| Items not involving cash and cash equivalents: | | | | |
| Amortization | 1,793,611 | 1,207,503 | 4,604,996 | 3,378,916 |
| Accretion | 31,971 | 30,256 | 92,476 | 90,939 |
| Future income tax expense (recovery) | 139,134 | — | 181,272 | — |
| Stock-based compensation | 52,493 | 3,393 | 363,362 | 9,048 |
| | 4,359,359 | 219,043 | 10,420,959 | 8,521,955 |
| Changes in operating assets and liabilities: | | | | |
| Accounts receivable | 1,037,602 | (2,190,830) | (972,074) | (2,562,392) |
| Inventories | 88,649 | 1,017,978 | (589,420) | 1,241,740 |
| Prepaid expenses | 163,022 | 140,612 | (19,860) | (183,795) |
| Reclamation bond | — | — | — | (56) |
| Accounts payable and accrued liabilities | (911,735) | 328,978 | (68,801) | 784,608 |
| Income tax payable | 431,403 | — | 1,309,959 | — |
| | 5,168,300 | (484,219) | 10,080,763 | 7,802,060 |
| FINANCING ACTIVITIES | | | | |
| Proceeds from common shares issued, net of cash issuance | — | 6,700 | 92,500 | 6,700 |
| | — | 6,700 | 92,500 | 6,700 |
| INVESTING ACTIVITIES | | | | |
| Purchase of mineral properties, plant and equipment | (2,597,584) | (2,128,735) | (5,706,725) | (6,268,605) |
| Purchase of short term investments | 228,194 | — | 228,194 | 416,163 |
| | (2,369,390) | (2,128,735) | (5,478,725) | (5,852,442) |
| EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS | 728,972 | 265,568 | (403,806) | 214,993 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE PERIOD | 3,527,878 | (2,340,686) | 4,290,922 | 2,171,311 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 4,204,292 | 6,145,475 | 3,441,248 | 1,633,478 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 7,732,170 | \$ 3,804,789 | 7,732,170 | \$ 3,804,789 |
| Cash and cash equivalents consist of: | | | | |
| Demand deposits | | | | \$ 7,732,170 |
| | | | | \$ 7,732,170 |

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 14)

See accompanying notes to the consolidated financial statements

GOLD-ORE RESOURCES LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE PERIODS ENDED AUGUST 31, 2010 AND 2009
(Unaudited)

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| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|--------------------|--------------------------|--------------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 |
| Income (loss) for the year | 2,342,150 | (1,022,109) | 5,178,853 | 5,043,052 |
| Other comprehensive income (loss), net of tax: | | | | |
| Unrealized gain (loss) on translation of financial statements of self-sustaining foreign subsidiary | 2,194,746 | 1,237,526 | (964,461) | 84,019 |
| Comprehensive income (loss) for the year | 4,536,896 | 215,417 | 4,214,392 | 5,127,071 |

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS

Gold-Ore Resources Ltd. (the "Company") was incorporated on October 22, 1996 under the laws of Alberta, Canada. On December 16, 1996, the Company was extra-provincially registered under the laws of British Columbia, Canada. The Company's principal business activity is the production of gold concentrates from its Bjorkdal mine located in Sweden. The Company also engages in the acquisition and exploration of other mineral properties domiciled in Sweden, including the Ronnberget and Norrliden group of concessions.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, are expressed in Canadian dollars and include the accounts of the Company, its wholly-owned U.S. subsidiary La Plata Minerals Limited ("La Plata"), its wholly-owned Honduran subsidiary Recursos Santana S.A. de C.V. ("Recursos"), and its wholly-owned Swedish subsidiary, Bjorkdal Exploration AB ("Bjorkdal AB"). They also include the accounts of its wholly-owned Swedish subsidiaries, Bjorkdalsgruvan AB ("Bjorkdalsgruvan"), which was acquired on December 31, 2007 (see Note 4), and Norrliden Mining AB ("Norrliden"), which was acquired on May 23, 2008. All significant inter-company balances and transactions have been eliminated upon consolidation.

Certain figures presented for comparative purposes have been reclassified to conform to the presentation adopted for the current period.

(b) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Significant areas requiring the use of estimates relate to recoverability or valuation of accounts receivable, finished and in process inventory quantities, property, plant and equipment lives, ore reserves and resources used to determine amortization for certain property, plant and equipment, the utilization of future income taxes, tax rates, the valuation of asset retirement obligations, stock-based compensation, financial and derivative instrument valuations and the allocation of the purchase price to fair values on the acquisition of businesses. Actual results may ultimately differ from those estimates.

(c) Cash Equivalents

The Company considers all highly liquid investments with a term to maturity of three months or less on the date of purchase to be cash equivalents. Cash equivalents are classified as held-for-trading and are recorded at their fair values using quoted market prices at the balance sheet date. Unrealized gains or losses on held-for-trading investments are recognized in the statement of operations. Investment transactions are recognized on the trade date. Transaction costs incurred to acquire cash equivalents are recognized in the statement of operations when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Short-Term Investments

Short-term investments consist of highly liquid short-term interest bearing securities with a term to maturity of greater than three months on the date of purchase. Short-term investments are classified as held-for-trading and are recorded at their fair values using quoted market prices at the balance sheet date. Unrealized gains or losses on held-for-trading investments are recognized in the statement of operations. Investment transactions are recognized on the trade date. Transaction costs incurred to acquire short-term investments are recognized in the statement of operations when incurred.

(e) Trade Receivables and Payables

Trade receivables and payables are non-interest bearing and are stated at carrying values, which approximate fair values due to the short terms to maturity. Where necessary, trade receivables are net of allowances for uncollectable amounts. Trade receivables are classified as loans and receivables and are measured at amortized cost using the effective interest rate method. Trade payables are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

(f) Derivative Instruments

Derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value. Unrealized gains and losses on derivatives held for trading are recorded in net earnings. Fair values for derivative instruments held for trading are determined using valuation techniques. These valuations use assumptions based on market conditions existing at the balance sheet date. Derivatives embedded in non-derivative contracts are recognized separately unless they are closely related to the host contract.

(g) Inventories

Supplies inventories are valued at the lower of average cost and replacement value. Cost includes acquisition, freight and other directly attributable costs. Work in process inventory consists of crushed material in preparation for delivery to the plant and is valued at the lower of average production cost and estimated net realizable value.

Gold concentrates are valued at the lower of average production cost and estimated net realizable value. Cost includes all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization and directly attributable overhead costs at the balance sheet date.

(h) Mineral Properties, Plant and Equipment

(i) Plant and Equipment

Plant and equipment are recorded at cost. The cost of buildings, plant and processing equipment used in the Company's mining operations is amortized on a straight-line basis over the lesser of the estimated useful life of the asset and the estimated life of the mine. The cost of office equipment, furniture and fixtures and vehicles is amortized on a declining balance basis using rates commensurate with the estimated useful life of the related asset. If the Company incurs debt directly related to the construction of a new operation or major expansion, the interest and financing costs associated with such debt will be capitalized during the construction period.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Mineral Properties, Plant and Equipment (continued)

(ii) Mineral Properties and Mine Development Costs

The cost of acquiring, exploring and developing mineral properties or property rights, including costs incurred during production to increase future output by providing access to additional sources of resources, are deferred. Net revenues or expenses derived from mining activities prior to the substantial completion of the mineral property are included in the cost of the related mineral property. Upon substantial completion, mineral properties and mine development costs will be amortized on a units-of-production basis over the estimated reserves to which they relate. Development costs associated with each distinct unit of the mine are amortized over the estimated reserves to which they relate.

(iii) Stripping Costs

Stripping costs represent the cost incurred to remove overburden and other waste materials to access ore. Stripping costs incurred prior to the production phase of a mine are capitalized and included as part of mineral property costs. During the production phase, stripping costs, which represent a betterment of the mineral property, are capitalized. Capitalized stripping costs are amortized on a unit-of-production basis over the estimated reserves to which they relate. All other stripping costs incurred during the production phase of a property are accounted for as variable production costs and are included in the cost of inventory produced during the period in which the cost is incurred.

(iv) Asset Impairment

The Company performs impairment tests on its property, plant and equipment when events or changes in circumstances occur that indicate the carrying value of an asset may not be recoverable. Estimated future cash flows are calculated using estimated future prices, mineral resources, and operating and capital costs on an undiscounted basis. When the carrying value of the development project exceeds estimated future cash flows, the asset is impaired. Write-downs are recorded to the extent the carrying value exceeds the discounted value of the estimated future cash flows based on the Company's average cost of borrowing.

(i) Asset Retirement Obligations

Future obligations to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are initially recognized and recorded as a liability at fair value, based on estimated future cash flows, the Company's current credit adjusted risk-free discount rate and an estimated inflation factor. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. For operating properties, the amount of the asset retirement liability initially recognized and any subsequent adjustments are capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. Asset retirement obligations are only recorded when the timing or amount of remediation costs can be reasonably estimated.

(j) Revenues

Sales are recognized when title transfers, the rights and obligations of ownership pass to the customer and the price is reasonably determinable. The Company's metal concentrates are sold under pricing arrangements where final prices are determined by quoted market prices during a period subsequent to the date of sale. In these circumstances, revenues are recorded at the time of sale based on estimated forward prices during the expected quotational period for the final settlement. As a result, the value of the Company's concentrate receivables change as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenues.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Stock-Based Compensation

The Company has a plan for granting stock options to management, directors, employees and consultants as described in Note 10(c). The Company recognizes compensation expense under this plan using the fair value method in accordance with CICA Handbook section 3870 "Stock-Based Compensation and Other Stock-Based Payments". Under this method, the fair value of stock options granted to employees is recognized as stock-based compensation expense over the vesting period and credited to contributed surplus. Stock options granted to non-employees are measured at their fair value on the vesting date. Prior to the vesting date, the then-current fair value of stock options granted to non-employees is recognized as stock-based compensation expense from the date of grant to the reporting date and credited to contributed surplus. Upon the exercise of stock options, consideration paid and the fair value amounts previously credited to contributed surplus are recorded as share capital. The Company uses the Black-Scholes option-pricing model to estimate the fair value of stock options granted.

(l) Income Taxes

The Company follows the asset and liability method of accounting for income taxes. Future income tax assets and liabilities are determined based on temporary differences between the accounting and taxes bases of existing assets and liabilities, and are measured using the tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized.

(m) Earnings/Loss per Share

Basic earnings/loss per share is computed by dividing net earnings/loss by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of "in-the-money" stock options and warrants.

(n) Translation of Foreign Currencies and Foreign Subsidiaries

Transactions in foreign currencies are translated into the currency of measurement at the exchange rates in effect on the transaction date. Monetary balance sheet items expressed in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the balance sheet date. The resulting exchange gains and losses are recognized in income.

The Company's integrated foreign subsidiaries including La Plata, Recursos, Bjorkdal AB and Norrliden are financially or operationally dependent on the Company. The Company uses the temporal method to translate the accounts of its integrated operations into Canadian dollars. Monetary assets and liabilities are translated at the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at average rates for the period, except for amortization, which is translated on the same basis as the related asset. The resulting exchange gains or losses are recognized in income.

The Company's wholly-owned Swedish subsidiary Bjorkdalsgruvan is financially and operationally independent from the Company. The Company uses the current rate method to translate the accounts of this self-sustaining operation into Canadian dollars. Under this method, assets and liabilities are translated at the exchange rates in effect at the balance sheet date, and revenues and expenses are translated at average rates for the period. The unrealized translation gains and losses on the Company's net investment, including long-term inter-company advances, are accumulated in a separate component of shareholders' equity, reported in the consolidated balance sheet as other accumulated comprehensive loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Recent Accounting Pronouncements

Recent Canadian accounting pronouncements that have been announced but are not yet effective are as follows:

- (i) CICA 1582, "Business Combinations", CICA 1601, "Consolidated Financial Statements" and CICA 1602, "Non-Controlling Interests"**

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company is currently assessing the impact of adopting these standards and has not yet determined its effect on its financial statements.

- (ii) International Financial Reporting Standards**

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. The Company is currently assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements. The Company's first reporting period under IFRS will be the period ending February 29, 2012.

3. ADOPTION OF NEW ACCOUNTING STANDARDS

- (a) CICA 3064, "Goodwill and Intangible Assets" and amended CICA 1000, "Financial Statement Concepts"**

Effective December 1, 2008, the Company adopted CICA 3064 – "Goodwill and Intangible Assets". This standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a significant impact on the Company's financial statements.

- (b) CICA 3862, "Financial Instruments – Disclosures"**

During the year, the CICA amended Section 3862 to enhance fair value and liquidity disclosures. The standard now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels. Each level is based on the transparency of inputs to the valuation of the financial asset or liability as of the measurement date. Adoption of this standard did not have any material effect on the consolidated financial statements. The disclosures required by this amendment are disclosed in Note 17(a).

3. ADOPTION OF NEW ACCOUNTING STANDARDS (continued)

(c) EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities"

In January 2009, the CICA issued an Emerging Issues Committee Abstract ("EIC") on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This EIC discusses how an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have a material effect on the Company's financial statements.

(d) EIC-174, "Mining Exploration Costs"

In March 2009, the CICA issued EIC-174 on Mining Exploration Costs. This EIC provides guidance for the accounting and the impairment review of mining exploration costs. Adoption of this standard did not have a material effect on the Company's financial statements.

4. ACCOUNTS RECEIVABLE

| | August 31, 2010 | Nov. 30, 2009 |
|-------------------|----------------------------|--------------------------|
| Trade receivables | \$ 4,763,558 | \$ 4,413,879 |
| Taxes recoverable | 1,211,894 | 1,094,483 |
| Other | 361,724 | 160,654 |
| | \$ 6,337,176 | \$ 5,669,016 |

Trade receivables are due from the Company's two major customers for sales of gold concentrates under pricing arrangements where final prices are determined by quoted market prices during a period subsequent to the date of sale. Trade receivables are valued based on the estimated gold content of concentrates delivered and the estimated forward prices of gold during the expected quotation period for final settlement. As a result, the values of the Company's trade receivables change as the underlying commodity market prices vary. This component of the contract is an embedded derivative, which is recorded at fair value with changes in fair value recorded in revenues.

5. INVENTORIES

| | August 31, 2010 | Nov. 30, 2009 |
|-------------------|----------------------------|--------------------------|
| Supplies | \$ 889,010 | \$ 544,149 |
| Gold concentrates | 2,788,551 | 2,714,012 |
| | \$ 3,677,561 | \$ 3,258,161 |

GOLD-ORE RESOURCES LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED AUGUST 31, 2010 AND 2009
(Unaudited)

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6. MINERAL PROPERTIES, PLANT AND EQUIPMENT

| August 31, 2010 | Mineral Property Acquisition and Exploration Costs | Mine Development Costs | Property, Plant and Equipment Costs | Total Cost | Accumulated Depreciation and Depletion | Net Book Value |
|-----------------|--|------------------------|-------------------------------------|------------|--|----------------|
| Producing: | | | | | | |
| Bjorkdal (a) | \$ 1,817,949 | 15,258,121 | 17,235,007 | 34,311,077 | 12,230,277 | 22,080,800 |
| Non-Producing: | | | | | | |
| Ronnberget (b) | 566,317 | – | – | 566,317 | – | 566,317 |
| Norrheden (d) | 2,237,119 | – | – | 2,237,119 | – | 2,237,119 |
| Corporate | – | – | 67,949 | 67,949 | 42,337 | 25,612 |
| | \$ 4,621,385 | 15,258,121 | 17,302,956 | 37,182,462 | 12,272,614 | 24,909,848 |

| August 31, 2009 | Mineral Property Acquisition and Exploration Costs | Mine Development Costs | Property, Plant and Equipment Costs | Total Cost | Accumulated Depreciation and Depletion | Net Book Value |
|-----------------|--|------------------------|-------------------------------------|---------------|--|----------------|
| Bjorkdal (a) | \$ 143,239 | \$ 9,232,151 | \$ 16,322,703 | \$ 25,698,093 | \$ 5,022,416 | \$ 20,675,677 |
| Non-Producing: | | | | | | |
| Ronnberget (b) | 277,109 | – | – | 277,109 | – | 277,109 |
| Vallberget (c) | 142,230 | – | – | 142,230 | – | 142,230 |
| Norrheden (d) | 2,237,119 | – | – | 2,237,119 | – | 2,237,119 |
| Corporate | – | – | 53,603 | 53,603 | 31,041 | 22,562 |
| | \$ 2,799,697 | \$ 9,232,151 | \$ 16,376,306 | \$ 28,408,154 | \$ 5,053,457 | \$ 23,354,697 |

As at August 31, 2010, included in Bjorkdal mine development costs are \$976,000 (SEK 6,769,000) of expenditures made to strip overburden from certain areas of interest in the property's open pit mine and \$2,407,000 (SEK 16,683,000) of expenditures made to develop tunnels in the property's underground mine to obtain access to sources of estimated reserves that will be produced in future periods. No amortization has been recorded for these expenditures as at August 31, 2010.

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT (continued)

(a) Bjorkdal, Sweden

As at December 1, 2008, the Company considered the Bjorkdal mine to be substantially complete and in commercial production as a pre-determined threshold of production was sourced from ore mined from the open pit and underground mines.

In March 2009, the Company negotiated the purchase of the sliding scale net smelter royalty on gold production from the Bjorkdal mineral properties from Achill Resources for US\$800,000 cash, plus the unpaid royalty accrued to February 28, 2009.

(b) Ronnberget, Sweden

On September 28, 2007, the Company entered into an agreement to purchase 9 exploration permits covering 35 square kilometres from North Atlantic Natural Resources AB ("North Atlantic"), a Swedish company owned by Lundin Mining Corporation. The permits are contiguous with the east and south boundaries of the mineral properties of Bjorkdalsgruvan AB (see Note 7(a)).

As consideration for the permits, the Company issued 250,000 units to North Atlantic. Each unit consists of one common share and one share purchase warrant. Each warrant could have been exercised to purchase one additional common share of the Company at a price of \$1.10 until September 28, 2008. As at November 30, 2008 the 250,000 warrants issued in relation to the purchase of the permits were cancelled.

Under the agreement, North Atlantic retains a 2% net smelter royalty on any metal produced from the permits. The Company has a right of first refusal to purchase the royalty should North Atlantic wish to sell it.

(c) Vallberget, Sweden

On November 7, 2009, the Company decided not to continue with the option to acquire the four contiguous exploration permits covering 29 square kilometres in the Bergslagen mining district in southern Sweden. The total amount of the investment of \$142,230 has been written off.

6. MINERAL PROPERTIES, PLANT AND EQUIPMENT (continued)

(d) Norrlichen, Sweden

On April 30, 2008, the Company entered into an agreement to purchase a 90% interest in the Norrlichen poly-metallic deposit from North Atlantic Natural Resources AB ("NAN"), a subsidiary of Lundin Mining Corp. Norrlichen is an advance stage base and precious metals resource, located approximately 45 kilometres west of the Company's Bjorkdal mine.

As consideration for the 90% interest in the Norrlichen deposit, the Company issued 3,000,000 common shares and will be operator of all work programs. A value of \$2,220,000 was assigned to the shares based on the market price of the Company's common shares on measurement date, June 16, 2008. If a production decision is made, the Company will pay additional consideration of \$2,500,000 cash and issue \$2,000,000 cash equivalent in common shares based on the average closing price of the Company's common shares for 20 days prior to the date of the production decision.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | August 31, 2010 | November 30, 2009 |
|------------------------|----------------------------|------------------------------|
| Trade accounts payable | \$ 6,023,616 | \$ 6,032,699 |
| Payroll liabilities | 567,854 | 838,595 |
| Other liabilities | 119,350 | 311,737 |
| | \$ 6,710,820 | \$ 7,183,031 |

8. ASSET RETIREMENT OBLIGATION

The Company's asset retirement obligation relates to the future restoration and closure of the Company's Bjorkdal mine and was initially recorded as a liability at fair value, using credit adjusted risk-free discount rates ranging from 7.3% – 7.9% and an inflation factor of 2.5%. The amount of this obligation is subject to re-measurement during each reporting period. The total undiscounted amount of the estimated cash flows required to settle the obligations after inflation is SEK 21,145,000 (\$3,233,000) and is expected to be settled commencing in the year ended November 30, 2017.

The following table summarizes changes to the Company's asset retirement obligation during the year:

| | August 31, 2010 | November 30, 2009 |
|--|----------------------------|------------------------------|
| Balance, beginning of year | \$ 1,811,520 | \$ 1,685,312 |
| Accretion expense | 94,440 | 122,815 |
| Revision in estimates | - | - |
| Foreign currency translation adjustments | (101,890) | 3,393 |
| Balance, end of year | \$ 1,804,070 | \$ 1,811,520 |

9. SHARE CAPITAL

(a) Authorized Share Capital

Unlimited common shares, voting, without par value
 Unlimited preferred shares, non-voting, without par value

(b) Issued and Outstanding Share Capital

| | Number of Shares | Amount |
|---|---------------------|---------------|
| Balance, November 30, 2008 | 82,208,559 | \$ 25,796,651 |
| Issued during the year: | | |
| For cash: | | |
| Exercise of stock options | 280,000 | 78,000 |
| Exercise of warrants | 10,000 | 6,700 |
| For Vallberget option payment (Note 10(b)(i)) | 50,000 | 15,000 |
| Transferred from contributed surplus: | | |
| Exercise of stock options | – | 86,578 |
| Exercise of warrants | – | 1,130 |
| Balance, November 30, 2009 | 82,548,559 | 25,984,059 |
| Issued during the year: | | |
| For cash: | | |
| Exercise of stock options | 430,000 | 92,500 |
| Transferred from contributed surplus: | | |
| Exercise of stock options | – | 91,427 |
| Balance August 31, 2010 | 82,978,559 | \$ 26,167,986 |

9. SHARE CAPITAL (continued)

(b) Issued and Outstanding Share Capital (continued)

- (i) In December 2008, the Company issued 50,000 common shares to the optionor of the Vallberget property in relation to the anniversary payment due on November 7, 2008. A value of \$15,000 was assigned to the shares based on the market price of the Company's common shares on measurement date. Later during the year, the Company reviewed the option agreement and decided to withdraw from the agreement (see Note 7(c)).

(c) Stock Options

The Company has established a stock option plan whereby options may be granted to the Company's directors, officers, employees and consultants for up to 10% of the common shares issued and outstanding. The exercise price and term of each option is determined by the board of directors, each term not exceeding five years. Any consideration paid by option holders on the exercise of stock options is recorded as share capital.

| | Number of Shares Under Option | Weighted Average Exercise Price |
|----------------------------|-------------------------------------|---------------------------------------|
| Balance, November 30, 2008 | 5,085,000 | \$0.48 |
| Granted | 275,000 | 0.28 |
| Exercised | (280,000) | 0.28 |
| Expired | (200,000) | 0.44 |
| Balance, November 30, 2009 | 4,880,000 | 0.48 |
| Granted (i) | 1,725,000 | 0.50 |
| Exercised | (430,000) | 0.22 |
| Expired (ii) | (140,000) | 0.80 |
| Balance, August 31, 2010 | 6,035,000 | \$0.50 |

- (i) On March 29, 2010 the Company granted incentive stock options to directors and employees to purchase 1,600,000 common shares at an exercise price of \$0.50. These options are exercisable for a period of three to five years.

On May 15, 2010, the Company granted incentive stock options to the new investor advisor, to purchase 125,000 common shares at an exercise price of \$0.45. These options are exercisable for a period of three years

- (ii) On March 28, 2010 130,000 options previously granted to employees were not exercised as the exercise price was higher than the market price.

9. SHARE CAPITAL (continued)

(c) Stock Options (continued)

The following table summarizes stock options outstanding at August, 2010:

| Options Outstanding | | | Options Exercisable | | |
|---------------------|------------------|---|---------------------------------|--------------------|---------------------------------|
| Exercise Price | Number of Shares | Weighted Average Remaining Contractual Life (years) | Weighted Average Exercise Price | Number Exercisable | Weighted Average Exercise Price |
| \$ 0.15 | 340,000 | 1.2 | \$0.15 | 340,000 | \$0.15 |
| 0.30 | 1,100,000 | 3.2 | 0.30 | 1,100,000 | 0.30 |
| 0.34 | 1,590,000 | 0.6 | 0.34 | 1,590,000 | 0.34 |
| 0.45 | 125,000 | 2.7 | 0.45 | 62,500 | 0.45 |
| 0.50 | 735,000 | 2.6 | 0.50 | 367,500 | 0.50 |
| 0.50 | 855,000 | 4.6 | 0.50 | 427,500 | 0.50 |
| 0.62 | 75,000 | 1.8 | 0.62 | 75,000 | 0.62 |
| 0.82 | 250,000 | 0.4 | 0.82 | 250,000 | 0.82 |
| 1.02 | 965,000 | 1.9 | 1.02 | 965,000 | 1.02 |
| \$0.15-1.02 | 6,035,000 | 2.1 | \$0.50 | 5,177,500 | \$0.50 |

Stock options outstanding at August 31, 2010 expire between January 14, 2011 and March 29, 2015.

(d) Warrants

| | Number of Warrants | Purchase Price per Share |
|----------------------------|--------------------|--------------------------|
| Balance, November 30, 2008 | 7,910,438 | \$0.97 |
| Exercised | (10,000) | 0.67 |
| Expired | (6,117,449) | 1.00 |
| Balance, November 30, 2009 | 1,782,989 | 0.90 |
| Exercised | — | — |
| Expired | 1,782,989 | 0.90 |
| Balance, August 31, 2010 | — | — |

Warrants expiring on July 10, 2010 were cancelled.

10. CONTRIBUTED SURPLUS

| | 2010 | 2009 |
|---|--------------|-------------|
| Balance, beginning of year | \$ 2,686,452 | \$2,667,639 |
| Stock-based compensation (Note 13) | 363,362 | 106,521 |
| Agent stock and unit warrants issued for services | — | — |
| Warrants issued for cash in a private placement | — | — |
| Transferred to share capital upon exercise of stock options | (91,426) | (86,578) |
| Transferred to share capital upon exercise of warrants | — | (1,130) |
| Balance, August 31, 2010 | \$ 2,958,388 | \$2,686,452 |

11. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

| | 2010 | 2009 |
|--|--------------|--------------|
| Balance, beginning of year | \$ 169,554 | \$ (107,721) |
| Unrealized loss on translation of financial statements of self-sustaining foreign subsidiary | (963,018) | 277,275 |
| Balance, end of year | \$ (793,464) | \$ 169,554 |

12. STOCK-BASED COMPENSATION

During the nine months ended August 31, 2010, the Company recognized compensation cost of \$310,869 (August 31, 2009 – \$5,655) as stock-based compensation expense.

13. EARNINGS (LOSS) PER SHARE

The weighted average number of shares outstanding used in the computation of earnings per share for the three month period ended August 31, 2010 is as follow:

| | Income | Common Shares | Per Share Amount |
|-----------------------------------|--------------|---------------|------------------|
| Basic earnings per common share | \$ 2,342,150 | 82,548,559 | \$0.03 |
| Dilutive effect of stock options | – | 1,469,464 | – |
| Diluted earnings per common share | \$ 2,342,150 | 84,018,023 | \$0.03 |

The weighted average number of shares outstanding used in the computation of earnings (loss) per share for the nine month period ended August 31, 2010 (fully diluted) was 85,352,550. The nine month earnings per share is \$0.06.

14. SUPPLEMENTAL CASH FLOW INFORMATION

| | August 31, 2010 | Nov. 30, 2009 |
|---|----------------------------|--------------------------|
| Non-cash financing and investing activities: | | |
| 50,000 shares issued for option to acquire mineral property | \$ – | \$ 15,000 |

15. FINANCIAL INSTRUMENTS AND RISKS

(a) Fair Value of Financial Instruments

The Company has various financial instruments including cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities. The carrying values of these financial instruments approximate their fair values due to their short terms to maturity. The carrying values of the Company's reclamation bonds approximate their fair value as the bonds bear interest at variable rates.

CICA 3862 "Financial Instruments – Disclosures", requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. CICA 3862 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within

15. FINANCIAL INSTRUMENTS AND RISKS (continued)

the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. CICA 3862 prioritizes the inputs into three levels that may be used to measure fair value:

Level 1

Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2

Level 2 applies to assets or liabilities for which there are inputs other than quoted prices that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.

Level 3

Level 3 applies to assets or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The fair values of cash and cash equivalents and short-term investments are determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of accounts receivable and accounts payable approximate their current fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of August 31, 2010 as follows:

| | Fair Value Measurements Using | | | February 28, November 30, 2010 |
|---------------------------|--|---|--|--------------------------------------|
| | Quoted Prices in Active Markets For Identical Instruments (Level 1) \$ | Significant Other Observable Inputs (Level 2) \$ | Significant Unobservable Inputs (Level 3) \$ | |
| Assets: | | | | |
| Cash and cash equivalents | 7,732,170 | – | – | 7,732,170 |
| Short-term investments | – | – | – | – |
| | 7,732,170 | – | – | 7,732,170 |

(b) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparties related to its cash and cash equivalents and short-term investments carry investment grade ratings as assessed by external rating agencies. The Company maintains a majority of its cash and cash equivalents and short-term investments with financial institutions domiciled in Canada and Sweden. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. There is ongoing review to evaluate the creditworthiness of these counterparties. The Company manages credit risk for trade and other receivables through established credit monitoring activities. As at August 31, 2010, the

15. FINANCIAL INSTRUMENTS AND RISKS (continued)

Company has trade accounts receivable of \$4,763,557 due from two major customers. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents, short-term investments and accounts receivable.

(c) Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and purchasing short-term investments with early redemption features that may be sold into an active market. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

(d) Currency Risk

As the Company operates in an international environment, some of the Company's transactions and balances are denominated in currencies other than the Canadian dollar. The Company's foreign exchange risk arises primarily with respect to the Swedish krona ("SEK"), the Euro and United States dollar. The Company's sales are based on commodity prices denominated in the United States dollar. These amounts are translated to Euros and SEK during the related quotational periods. The Company also has an investment in a self-sustaining Swedish subsidiary, whose net assets are subject to foreign exchange currency risk. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at August 31, 2010, the Company's net investment in its self-sustaining Swedish subsidiary was SEK 195,756,422. A strengthening (weakening) of the Canadian dollar against the Swedish krona of 10% would result in a \$2,824,765 decrease (increase) in other comprehensive income.

(e) Interest Rate Risk

The Company's short-term investments are subject to interest rate price risk as they carry fixed rates of interest. Certain of the Company's operating lease commitments are subject to interest rate cash flow risk as they carry variable rates of interest. The Company does not engage in any hedging activity to mitigate these risks. A plus or minus 1% change in market interest rates would not have a significant affect on the Company's income and comprehensive income for the year.

(f) Commodity Price Risk

The Company is subject to price risk from fluctuations in market prices of the commodities that it produces. The Company's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by settlement adjustments to trade accounts receivable. Sales of metals in concentrate are recognized in revenue on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which occurs upon delivery. However, final pricing is typically not determined until a subsequent date. Accordingly, revenue in any period is based on current prices for sales occurring in the period and ongoing pricing adjustments from sales that are still subject to final pricing. These pricing adjustments result in additional revenues in a rising price environment and reductions to revenues in a declining price environment, taking into account the actual price participation terms in the concentrate sales agreements.

16. CAPITAL MANAGEMENT

The Company defines capital as all components of shareholders' equity. The Company has no debt obligations. The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The board of directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not subject to any externally imposed capital requirements.

17. SEGMENT DISCLOSURES

The Company operates in the mining industry and derives substantially all of its revenues from the sale of gold concentrates. Management of the Company makes decisions about allocating resources based on the one operating segment. The following table summarizes mineral properties, plant and equipment by geographic segment:

| | Aug. 31, 2010 | Nov. 30, 2009 |
|--------|----------------------|----------------------|
| Canada | \$ 9,442 | \$ 9,836 |
| Sweden | 24,900,406 | 24,356,667 |
| Total | \$ 24,909,848 | \$ 24,366,503 |

The following table summarizes revenues by geographic segment:

| | Aug. 31, 2010 | Nov. 30, 2009 |
|---------|----------------------|----------------------|
| Germany | \$ 31,645,416 | \$ 33,566,045 |
| Sweden | 5,933,335 | 6,201,529 |
| Total | \$ 37,578,751 | \$ 39,767,574 |

18. MAJOR CUSTOMERS, SUPPLIERS AND ECONOMIC DEPENDENCE

During the nine month period ended August 31, 2010, the Company earned all of its revenues from two major customers. As at August 31, 2010, the Company does not consider itself to be economically dependent on these customers as transactions with these parties can be easily replaced by transactions with other parties on similar terms and conditions. A significant amount of the Company's mining costs are incurred from contractors. In late August the largest contractor was given notice that their contract was to be terminated and, as per the terms of the contract, that contractor vacated the mine site within a week. The new contractor began mobilizing to the site shortly thereafter. Since the changeover to the new contractor will impact operations only temporarily, as at August 31, 2010, the Company does not consider itself to be economically dependent on these contractors.

19. SUBSEQUENT EVENT

On September 15, 2010, 60,000 stock options were exercised for net proceeds of \$9,000.

On September 15, 2010, the Company deposited SEK11,143,879 (CAD\$1.6 million) increasing our Reclamation Bond to SEK16,000,000 (CAD\$2.13 million). The bond amount is the same as the reclamation cost submitted in the Environmental Impact Assessment.

In early September, 2010 the new mining contractor mobilized to the site and began operations on September 20, 2010.

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 consolidated financial statements and notes for the period ended August 31, 2010 (“Third Quarter 2010”), and should be read in conjunction with the annual audited consolidated financial statements and the related notes and schedules for the year ended November 30, 2009 (“Year End 2009”).

All financial information in this MD&A is expressed in Canadian dollars unless otherwise indicated. Significant accounting policies are set out in Notes 2 and 3 of the audited consolidated financial statements.

All information contained in this MD&A is as of October 12, 2010 unless otherwise indicated.

OVERVIEW

Gold-Ore is a mining, development, and mineral exploration company with all of its operations located in the Skelleftea mining district, Sweden. The Company operates the Björkdal gold mine in the district through a wholly owned Swedish subsidiary, Björkdalsgruvan AB. Björkdal first started operations in 1988 as an open-pit mine and in early September, 2010, produced its millionth ounce of gold. Gold-Ore purchased the mine as of December 31, 2007, and now operates it as a combined open-pit and underground operation. The Company also holds exploration concessions surrounding the Björkdal mine-site, as well as concessions containing a polymetallic deposit to the west of Björkdal in the Skelleftea belt.

The fiscal year 2009 was the first year that the Company included the operations of the Björkdal Mine in the Consolidated Statements of Operations and Deficit. Starting in the First Quarter 2009, management considered the Björkdal Mine to be substantially complete and declared commercial production, as effectively all of the feed for the plant was being sourced from newly-mined open pit and underground operations. A revised mineral resource and reserve statement was released on March 5, 2010. The statement (see “NR-10-03 Gold-Ore Reports Increased Underground Resources at Björkdal Gold”) when taken with the extensive operating history of the mine confirms management’s estimate of the life of the mine and the appropriate rate of amortization.

On May 17, 2010 the shares of the Company started trading on the senior board of the Toronto Stock Exchange, and consequently they were delisted from the TSX Venture Exchange.

Third Quarter 2010 Highlights

- Revenues of \$14.1 million
- Operating cash flow of \$5.2 million or \$0.06 per share (after changes in working capital items) and \$4.4 million or \$0.05 per share (before changes in working capital items)
- Earnings for the period of \$2.3 million or \$0.03 per share
- Investment of \$2.6 million in mine development
- Cash on hand as of the end of the period of \$7.7 million and working capital of \$9.5 million
- No long term debt
- Gold production of 11,021 ounces (342.8 kilograms) and gold sales of 10,951 ounces (340.61 kilograms)
- Average realized gold price of US\$1,275 per ounce; production remains un-hedged

- Total cash costs of US\$777 per ounce.

Nine Month 2010 Highlights

- Revenues of \$37.6 million
- Operating cash flow of \$10.1 million or \$0.12 per share (after changes in working capital items) and \$10.4 million or \$0.12 per share (before changes in working capital items)
- Earnings for the period of \$5.2 million or \$0.06 per share
- Investment of \$5.7 million in mine development
- Gold production of 32,512 ounces (1,011.2 kilograms) and gold sales of 32,327 ounces (1,005.5 kilograms)
- Average realized gold price of US\$1,161 per ounce
- Total cash costs of US\$772 per ounce

RESULTS OF OPERATIONS, MINE DEVELOPMENT AND EXPLORATION ACTIVITIES

Bjorkdal Gold Mine - Operations

The Björkdal Gold Mine is operated as a combined open pit – underground operation. During the Third Quarter, 2010 the Björkdal plant processed 294,794 tonnes of ore sourced from underground (59.3%) and the open pit (40.7%). Total tonnes through the plant were marginally impacted by a planned maintenance shutdown in the plant between August 30 and September 2. In the same period last year, the plant processed 279,815 tonnes of ore sourced from underground (45.2%) and the open pit (54.8%).

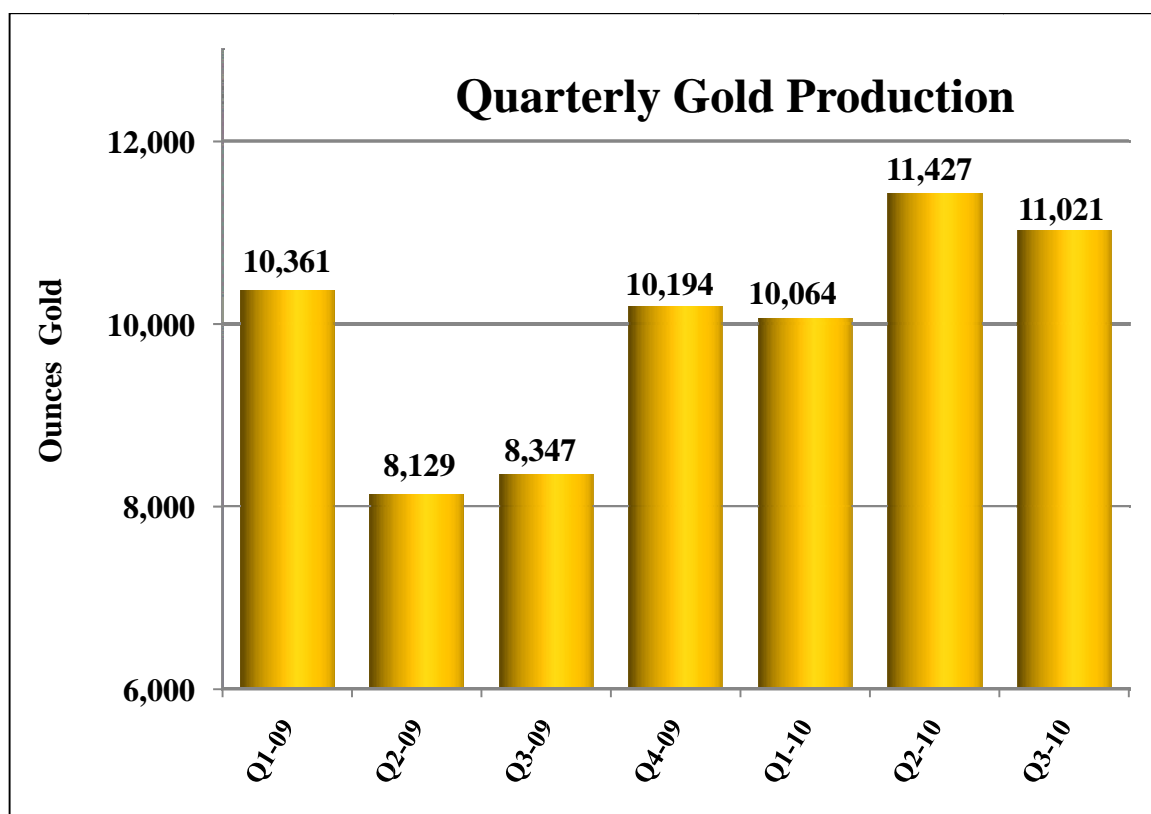
Plant throughput averaged 3,204 tonnes per day for the reporting period compared to 3,041 tonnes per day processed in same period in 2009. During the Third Quarter, 2010 the plant head grade (the blended average grade of ore from open pit and underground) averaged 1.30 grams per tonne gold compared to 1.06 grams per tonne in the corresponding period last year. Gold recoveries in the plant continue to be satisfactory in the 89% to 90% range.

Gold production in the reporting period exceeded the Company guidance of 10,000 ounces and reached 11,021 ounces (342.8 kg) compared to 8,348 ounces (259.6 kg) for the same period in 2009. This 32% increase in gold produced is related to better gold grades and increased throughput in the plant. An anticipated shortfall in production from underground during the July vacation period did not materialize.

Quarterly gold production has now normalized at over 10,000 ounces for the last four quarters and confirms management guidance of an annual production rate of between 40,000 and 45,000 ounces. Gold production in the fourth quarter will be impacted by lower underground mining rates due to a change in underground mining contractors (see page 6).

Production Summary

| | Three months ended | | Nine months ended | | Year ended |
|---------------------------|--------------------|-----------------|-------------------|-----------------|----------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 | Nov. 30, 2009 |
| Tonnes processed | 294,794 | 279,815 | 871,990 | 771,273 | 1,061,438 |
| Daily throughput – tonnes | 3,204 | 3,041 | 3,182 | 2,921 | 2,908 |
| Head Grade grams/tonne | 1.30 | 1.06 | 1.30 | 1.22 | 1.23 |
| Gold recovered – ounces | 11,021 | 8,347 | 32,512 | 26,838 | 37,032 |
| – kilograms | 342.8 | 259.6 | 1,011.2 | 834.7 | 1,151.8 |
| Average plant recovery | 89.5% | 87.4% | 89.3% | 88.9% | 88.4% |



Underground and Open Pit Development

During the Third Quarter 2010 a total of 1055 metres of new underground developments were driven, for an average of 352 metres per month. For the nine months ended August 31, a total of 4,500 metres of underground tunnels have been driven for an average of 500 metres per month. During the vacation period of July, underground mining was restricted to blasting in one large stope and only 253 metres of new tunnel was driven.

Underground mining now takes place on six principal levels, over a vertical distance of 90 metres. The gold is hosted in vertical quartz veins and approximately 50 principal veins have been identified and targeted for mining. The underground workings are located over an area 850 metres wide by 250 metres along vein strike. This area is open to expansion and continues to grow by additional tunnelling and diamond drilling. The mining method employed is on-vein drifting, on levels with 15 to 20 metres separation, followed by long hole open stoping. A limited amount of room and pillar mining takes place in the Centrala area of the mine.

During the reporting period two areas of the open pit – SEE and South Wall - were mined. Soil stripping for an expansion of the SEE pit started in the Second Quarter. Further soil stripping is ongoing on the South Wall to expand that pit. Diamond drilling is underway to expand both the SEE and South Wall pits. Average extraction rates from the open pit range from 1,600 to 1,700 tonnes per day or 50,000 tonnes per month. An additional 200,000 tonnes of internal waste per month are also extracted.

Reserves and Resources

A new reserve/resource estimate is underway with completion scheduled for January, 2011 to coincide with the amortization (depreciation) calculations for the Annual Financial Statements. The previous reserve/resource estimate for 2010 was generated entirely by the consulting firm, Wardell-Armstrong. The reserve/resource estimation currently underway is being generated by a combination of in-house engineering (Gold-Ore staff) and by Wardell-Armstrong. Annual updates to the reserve/resource estimation are planned and the goal next year is to have the estimate done entirely in-house.

Underground Drilling

Underground development drilling during the first three quarters of 2010 totalled 3,843 metres in 23 holes. Results from the first 15 holes of 2010 drilling were released in June (See news release dated June 29, 2010). Drilling was temporarily suspended during the period August 20 to September 30 to allow for the change in underground contractors described on page 6.

The underground diamond drilling continues to define new veins and extensions of known veins at a rate that exceeds mining of known reserves and resources. Management is confident that resources/reserves have been expanded through diamond drilling, and that, at current gold prices, the mine life has been extended.

The Company is aggressively driving new underground headings to give access for the diamond drill to further test the limits of the deposit. The 422 exploration heading is being extended and deepened to permit access for the drill late this year. An exploration tunnel is also being driven under the SEE open pit to test for the deeper extensions of veins being mined in the pit. These two tunnels have the potential to significantly add to the underground mine life.

Open Pit Drilling

In late July the Company commenced a diamond drill campaign at the Nylunds Zone located east of the active SEE open pit. Between 10 and 15 holes will be drilled to test an area previously drilled and also to test the limits of the known zone. Previous owners have drilled over 100 holes in this area and some historic resource estimations have been calculated. The current drilling will serve several functions: confirm previous results; upgrade resources to a more reliable category; attempt to connect the active SEE open pit with the Nylunds Zone; and attempt to extend the mineralized area towards the Ronnberget Zone, approximately three kilometres to the east. The diamond drilling will focus on developing both open pit and underground reserves/resources.

Mine Optimization Initiatives

Management is cognizant of the current cost of gold production at Björkdal and is taking immediate measures to deal with this issue. The steps currently being implemented are related to optimizing the underground mining operation and, in particular, deal with mining higher gold grades and reducing costs. Solutions have been identified and are described below.

Grade Increase Initiative

It is management's opinion that the underground mining method employed at Björkdal introduces too much dilution from low grade waste rock by mining openings that are excessively large. The fully mechanized mining method utilizes large equipment that provides a low tonnage cost, but the added dilution lowers the grade, requiring the handling and processing of more tonnes to produce an ounce of gold, resulting in a higher cost per ounce. The proposed solution is to make smaller openings, removing only the gold-bearing veins and less of the barren wall rock.

Senior operating staff has visited several narrow vein gold mines in Ontario to observe mining practices common to Canada, but not used in Sweden. The underground mines operating in Sweden are principally base metals and iron, and there are currently no narrow vein operations active in Sweden. The techniques common to Canada and elsewhere in the world are being introduced to Björkdal. The first step is the practice of bolting the walls of a stope prior to blasting. The design selected for Björkdal uses 7 metre-long cable bolts to prevent the walls of the stope from breaking and collapsing from the shock waves during blasting. If the walls are stabilized, less low grade wall rock will be introduced into the ore and the gold grade should increase. Also, less uneconomic rock is transported and processed, lowering total costs.

To date, only one stope at Björkdal has been test bolted and blasted. The outcome of the test has been visually evaluated and deemed to be a success. The stope opening is smaller, but it has not been surveyed yet. A Cavity Monitoring System (a laser survey instrument) has been ordered from Canada and will arrive within the fourth quarter.

The Company is highly encouraged with this first test on cable bolting and has enrolled two staff members to a cable bolting course at McGill University in Montreal in early November. After the course they will visit several Canadian gold mines that practice this technique. If this procedure is commercially applied at Björkdal it has the potential to increase underground grades significantly.

Mining Cost Reduction Measures

Over the past year staff at Björkdal has reviewed the costs associated with contractors and suppliers at the mine and several changes have been made resulting in improved economics. Contractors represent the single largest cost at Björkdal and the Company is taking a long term approach based on a greater than five year mine life. The business plan is to transition towards an owner-operator business model and become less reliant on contractor services. This plan involves investing in mining and transport machinery and increasing staff levels. Six pieces of heavy machinery, with a cost of C\$2.1 million, were ordered during the last few months with deliveries ranging between October 15 and January 31. The Company will continually evaluate the balance between contract mining and in-house mining and will make changes as required.

For the last few years the underground mining contract has been the largest contract at Björkdal and it has been under review and negotiation for six months. A tender for a reduced underground contract was put out for bids in June and a new contractor was selected in early August. Under the revised terms the new contractor (Oden AB) will only excavate the tunnels. Björkdal staff will conduct the stope mining using a new stoping drill ordered in July with a delivery in January, 2011. This will mark the first in-house mining ever in the 22 year history of Björkdal. This new arrangement will significantly reduce costs starting in late September with further reductions in the New Year.

Fourth Quarter Production Outlook

The decision to change underground contractors will impact gold production during the fourth quarter as underground mining was temporarily stopped to allow for a transition between contractors. The previous contractor demobilized in late August, followed closely by mobilization of the new contractor. No underground mining took place between August 20 and September 20. Underground mining is ramping up during the Fourth Quarter to the targeted production rate of 1600 tonnes per day.

During the period of reduced underground mining, feed for the plant is sourced from the open pit and from the stockpiles. The plant will be operated at full capacity at all times. As the underground ore contains the highest gold grades, the total gold production for the fourth quarter is projected to be reduced. However, the profit margins on ore from the open pit and stockpiles are generally higher than the underground ore and cash costs should not be negatively impacted.

Environmental Permit

Recent Swedish Environmental Legislation requires all operating mines to apply for a new General Environmental and Operating Permit. Björkdalsgruvan AB, the operating subsidiary of Gold-Ore and the owner of the mining concessions, applied for the new permit on December 22, 2009. The application contained an updated Environmental Impact Assessment "EIA" and was thoroughly reviewed by the environmental authorities, the municipality and the local community and neighbours. The new permit was granted on June 24, 2010.

The new permit does not have an expiry date, but any modifications to the work plan must be applied for. The new permit did impose stricter regulations on noise reduction from the crusher plant and a one year deadline has been granted. Mine staff have work plans to satisfy this condition.

The new permit also imposes a bond for reclamation and the closure plan. The bond amount is the same as the reclamation cost as submitted in the EIA and totals SEK16 million (C\$2.35 million). This amount is reduced by SEK4.9 million (C\$0.72 million) previously deposited as a bond by the Company in 2008. The remaining SEK11.1 million (C\$1.63 million) was deposited in a locked account early in September. This bond provides the Company with a fully funded closure plan as approved by the Swedish environmental authorities.

Cost Per Tonne Summary

The following table is a breakdown of mining costs per tonne of ore for the three and nine month periods ended August 31, 2010 and 2009, and the year ended November 30, 2009, using a weighted average of the costs for the two units: open-pit and underground. Almost all costs at the Björkdal operation are incurred in Swedish kronor so it should be noted that the following costs reported in U.S. dollars are subject to variations in foreign currency exchange rates. Average mining costs per tonne have been increasing over the periods as the tonnage sourced from the higher cost underground unit has been increasing. Crushing and processing costs have decreased, while mine administration and other costs have increased marginally over the same periods.

| | Three months ended | | Nine months ended | | Year ended |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | August 31, 2010 (US\$) | August 31, 2009 (US\$) | August 31, 2010 (US\$) | August 31, 2009 (US\$) | Nov. 30, 2009 (US\$) |
| Mining cost per tonne of ore | \$ 20.63 | \$12.86 | \$ 17.91 | \$ 11.32 | \$12.73 |
| Crushing and processing cost per tonne of ore | 6.19 | 7.51 | 6.04 | \$ 7.44 | \$7.53 |
| Mine administration and other costs per tonne of ore | 2.34 | 1.78 | 2.08 | \$1.68 | \$1.82 |
| Total cost per tonne of ore | \$ 29.15 | \$ 22.15 | \$ 26.03 | \$ 20.44 | \$22.08 |

Operating Costs and Operating Margins

The following table provides a summary of the Björkdal Mine operating costs allocated to the ounces sold and the margins achieved based on the realized gold price during the periods. This per ounce non-GAAP measure of performance is affected by fluctuations in exchange rates.

| | Three months ended | | Nine months ended | | Year ended |
|--|---------------------|--------------------|----------------------|---------------------|---------------------|
| | August 31 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 | Nov. 30, 2009 |
| Operating expenses per consolidated financial statements | \$ 9,053,252 | \$7,933,754 | \$ 25,166,215 | \$19,976,492 | \$26,501,962 |
| Treatment and refining charges on concentrate sales | 413,452 | 345,125 | 1,423,833 | 1,457,596 | 1,606,798 |
| Inventory movements and adjustments ¹ | (47,141) | - | (106,303) | - | 619,085 |
| 2009 indexing adjustment ² | (563,492) | - | (563,492) | - | - |
| Royalty ³ | - | 26,591 | - | \$ 205,891 | 205,891 |
| Cash operating costs⁴ – Cdn\$ | \$ 8,856,071 | \$8,305,470 | \$ 25,920,253 | \$21,639,979 | \$28,933,736 |
| Divided by average US\$/Cdn\$ exchange rate | 1.041 | 1.1135 | 1.039 | 1.1869 | 1.1565 |
| Divided by ounces of gold sold | 10,951 | 8,653 | 32,327 | 27,918 | 36,963 |
| Total cash costs per ounce of gold⁵ – US\$ | \$ 777 | \$ 862 | \$ 772 | \$ 653 | \$ 677 |
| Realized gold price per ounce – US\$ | \$ 1,275 | \$ 907 | \$1,161 | \$934 | \$ 975 |
| Operating cash margin per ounce – US\$ | \$ 498 | \$ 45 | \$ 389 | \$ 281 | \$ 298 |

¹ Effects of inventory movements and adjustments to inventory accounting are being removed from the operating expenses for the period to more accurately reflect the cash costs of producing gold concentrate during the period.

² During the 3rd Quarter the company received an indexing invoice from the contractor adjusting costs related to 2009.

³ The royalty is a 1.75% net smelter royalty paid under the terms of the purchase agreement for Björkdalsgruvan AB. The royalty was purchased by the Company in the Third Quarter 2009.

⁴ "Cash operating costs" is a non-GAAP measure that includes all direct mining costs, treatment and refining, and transportation costs. "Cash operating costs" is equivalent to operating expenses as reported in the Company's financial statements plus treatment and refining, transportation and other charges.

⁵ "Total cash costs" is a non-GAAP measure that includes all "cash operating costs" and royalties. "Total cash costs" is equivalent to operating expenses and royalties as reported in the Company's financial statements, plus treatment and refining.

Exploration Properties

During 2009, the Company completed an overburden sampling program covering 57 square kilometres surrounding the mine site. The samples were processed to recover heavy mineral concentrates including gold grains. Several areas were outlined where samples returned highly anomalous gold grain counts in the till. In early 2010 additional land was acquired northwest of the Björkdal mine site covering a strongly anomalous area. Over the course of 5 weeks (June 11-27 and Aug 13-Sept 4, 2010), 155 additional heavy mineral concentrate (HMC) samples and 118 rock-chip samples were collected on the exploration lands. In June, a detailed, low level helicopter airborne magnetic survey was completed over the entire project area. Results were processed and, aided by the results of the HMC sampling program, three areas were selected for detailed airborne time domain electromagnetic (TDEM) survey. Several of the anomalies detected by TDEM survey with coincidental magnetic highs will be drill tested. An area with highly anomalous gold grain counts southeast of Björkdal will be trenched and samples collected from the till to explore further for the bedrock source.

The objective of the Company's exploration program is to locate satellite ore bodies within trucking distance to the Björkdal plant.

Norrliden Property (base metals)

The Company is reviewing its strategy for the Norrliden base metals project. Plans to remove the overburden to expose the surface of the mineralization and collect a large bulk sample for metallurgical testing are on hold, pending arrangement of a suitable contract with a nearby concentrator plant.

SELECTED FINANCIAL INFORMATION

| | Three months ended | | Nine months ended | | Year ended |
|--|--------------------|-----------------|-------------------|-----------------|---------------|
| | August 31, 2010 | August 31, 2009 | August 31, 2010 | August 31, 2009 | Nov. 30, 2009 |
| | \$ | \$ | \$ | \$ | \$ |
| Revenues | 14,124,027 | 8,368,983 | 37,578,751 | 29,293,016 | 39,767,574 |
| Operating expenses | 9,053,252 | 7,933,754 | 25,166,215 | 19,976,492 | 26,501,962 |
| Earnings (losses) from mine operations | 3,245,193 | (832,364) | 7,715,064 | 5,731,717 | 7,694,285 |
| Earnings (losses) for the period | 2,342,150 | (1,022,109) | 5,178,853 | 5,043,052 | 5,016,117 |
| Earnings (loss) per share (basic) | 0.03 | (0.01) | 0.06 | 0.06 | 0.06 |
| Operating cash flow before changes in non-cash working capital | 4,359,359 | 219,043 | 10,420,959 | 8,521,955 | 11,942,223 |
| Cash flow per share before changes in non-cash working capital | 0.05 | 0.00 | 0.12 | 0.10 | 0.14 |
| Changes in non-cash working capital | 808,941 | (703,262) | (340,196) | (719,895) | 834,603 |
| Operating cash flow | 5,168,300 | (484,219) | 10,080,763 | 7,802,060 | 11,107,620 |
| Cash flow per share (basic) | 0.06 | 0.00 | 0.12 | 0.09 | 0.13 |
| Working Capital | 9,534,934 | 4,683,860 | 9,534,934 | 4,683,860 | 5,218,395 |

Revenues

Revenues increased by 68% to \$14,124,027 in the Third Quarter 2010 from \$8,368,983 in the same period in 2009 as a result of increased gold sales (10,951 ounces in the Third Quarter 2010 as compared to 8,653 ounces in 2009) and a higher gold price (an average realized gold price of US\$1,275 in the Third Quarter 2010 as compared to US\$907 in 2009). Reported revenues are net of treatment and refining charges and penalties. Gold-Ore has not entered into any forward sales contracts and is currently fully leveraged to the price of gold.

Operating Expenses

Operating expenses for the Third Quarter 2010 at the Björkdal operation totalled \$9,053,252 compared to \$7,933,754 in the same period in 2009, an increase of approximately 14%. The most significant component of the increase in the operating costs was in mining costs, which increased 67%. The increase reflects a gradual increase during the course of the period in the tonnage of ore produced from underground, which has a higher mining cost, and the tonnage of ore produced from the open pit areas of the mine that have a higher strip ratio. The Company expects that the operating costs at Björkdal will be reduced in 2011.

Corporate Administration

Corporate administrative expenses for the period, totalling \$302,813, relate to corporate overhead expenses at the Company's head office in Vancouver, B.C. The 77% increase in cost over the same period in 2009 (\$170,848 in the Third Quarter 2009), relates mostly to the TSX registration fee (for the graduation to the senior board from the Toronto Venture Exchange) as well as an increase in investor relations activities, the appointment of financial advisors and director's compensation.

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Operating cash flow for the Third Quarter 2010 totalled \$4.4 million (\$0.05 per share), before changes in working capital items and \$5.2 million (\$0.06 per share), after accounting for changes in working capital items. The increase in operating cash flow at August 31, 2010, in comparison to the same period in 2009, is directly attributable to the higher gold price as well as the increase in the amount of gold sold during the period. Accounts receivable are primarily attributable to sales by Björkdalsgruvan to gold refineries in Germany and Sweden, and value added tax (VAT) receivable in Sweden. Inventories consist primarily of gold concentrate produced, \$2,775,697 (\$824,944 in 2009), raw materials \$308,498 (\$nil in 2009) and consumable supplies, \$593,366 (462,689 in 2009) at Björkdal. Prepaid expenses of \$137,257 (\$717,451 in 2009) relates mostly to prepaid expenses paid in relation to the operation of the Björkdal mine. Accounts payable and accrued liabilities consist primarily of trade payables for mining, hauling and drilling contractors at Björkdal (some of which accrue for sixty days), and payroll accruals at the minesite.

Financing Activities

During the Third Quarter 2010, no financing activities were reported. Management believes that for the level of expenditures currently anticipated for development at Björkdal and additional exploration at and around the minesite, funds generated from operations will be sufficient without having to seek additional equity financing or debt. This policy is continually re-evaluated and may change if a corporate opportunity became available or if exploration results justified a sudden acceleration in expenditures.

Investing Activities

The Company invested a total of \$2,597,584 (\$2,128,735 in 2009) on its mineral properties, and plant and equipment during the three month period ended August 31, 2010. The year to-date investment on mineral properties, plant and equipment is detailed in the following table:

| | INVESTMENTS | |
|--------------------------------------|----------------------------|----------------------------|
| | Nine months ended | |
| | August 31, 2010 | August 31, 2009 |
| Building | \$ 150,117 | \$ 173,824 |
| Plant and Mine Equipment | 653,903 | 1,003,352 |
| Mine Development | 4,721,685 | 4,961,288 |
| Property Acquisition and Exploration | 181,020 | 130,141 |
| | \$ 5,706,725 | \$ 6,268,605 |

Cash Resources and Liquidity

As of the end of the period Gold-Ore had working capital of \$9.5 million, compared to working capital of \$4.9 million at the end of the same period in 2009. The 93% increase is primarily a result of the increase in revenues during the period attributable to greater gold sales and the increase in the price of gold. The increase in revenues also resulted in an increase in cash of more than \$3.9 million when compared to the cash balance at the end of same period in 2009. The cash increase during the nine months ended August 31, 2010 is \$4.2 million. Accounts receivable of \$6.3 million at the end of the Third Quarter 2010 (\$5.2 million in the Third Quarter 2009) is almost all related to short term receivables (30 to 90 days) for gold sales at Björkdalsgruvan AB. Also, a significant portion of the inventory of \$2.7 million (\$0.8 million in 2009) is processed gold concentrate awaiting delivery to the refineries (102.45 kilograms). It is important to note that this inventory is valued at the cost of production. The accounts payable and accrued liabilities is almost all related to trade payables at Björkdalsgruvan AB (including contract miners, drillers, and truckers) and payroll accruals, also at the minesite. The Company has no long term debt.

At current gold prices, the Company is generating positive cash flow by processing material from new open pit and underground operations, as well as stock pile material at Björkdal. The Company will continue to invest in developing additional resources at the minesite and access to those resources, while maintaining the processing plant to a high operating standard. Management believes that improvements to operations at Björkdal in 2010 will continue to improve profitability and cash flow at the mine.

SUMMARY OF QUARTERLY RESULTS

The following table provides selected financial information of the Company for each of the last eight quarters ending with the quarter ended August 31, 2010:

| | 2010 | | | 2009 | | | | 2008 |
|--|------------|------------|------------|------------|-------------|-----------|------------|-------------|
| | Q3 \$ | Q2 \$ | Q1 \$ | Q4 \$ | Q3 \$ | Q2 \$ | Q1 \$ | Q4 \$ |
| Revenues | 14,124,027 | 12,973,769 | 10,480,955 | 10,474,558 | 8,368,983 | 8,921,750 | 12,002,283 | - |
| Operating expenses | 9,053,252 | 7,964,155 | 8,148,808 | 6,525,470 | 7,933,754 | 5,911,180 | 6,131,558 | - |
| Earnings from mine operations | 3,245,193 | 3,544,550 | 925,321 | 2,023,639 | (832,364) | 1,866,467 | 4,636,843 | - |
| Earnings (loss) | 2,342,150 | 2,401,863 | 434,840 | (26,935) | (1,022,109) | 1,632,446 | 4,432,715 | (280,139) |
| Earnings (loss) per share, basic and diluted | 0.03 | 0.03 | 0.00 | (0.00) | (0.01) | 0.02 | 0.05 | (0.01) |
| Operating cash flow before changes in non-cash w/c items | 4,098,134 | 4,098,134 | 1,963,466 | 3,420,268 | 219,043 | 2,819,781 | 5,483,131 | (154,830) |
| Operating cash flow | 5,168,300 | 2,030,670 | 2,881,793 | 3,305,560 | (484,219) | 3,073,782 | 5,212,497 | (1,327,457) |
| Working capital | 9,534,934 | 6,891,637 | 5,157,405 | 5,218,395 | 4,939,289 | 6,514,278 | 6,543,895 | 2,780,868 |

Table has been adjusted to reflect the quarterly effect of the year-end adjustments.

TRANSACTIONS WITH RELATED PARTIES

For the period ended August 31, 2010 the Company paid a total of \$165,000 (\$159,000 in 2009) in management fees to two Directors and a company controlled by a Director as compensation for services performed.

OUTLOOK

The financial status of the Company for the balance of 2010 will continue to be dependent on the operations at the Björkdal mine. The mine produced 32,512 ounces in the nine month period ended August 31, 2010 and management is confident that the mine will produce over 40,000 ounces for the year, despite an expected reduction in gold production in the Fourth Quarter during the transition between underground contractors. During the period August 20 to September 20 no underground mining took place, but the plant was fed at full capacity from the open pit and stockpiles. It is expected that the financial impact of the decrease in production should be offset by a decrease in production costs.

The production focus at Björkdal for the balance of 2010 will continue to be to reduce dilution in the underground component of the mine in an effort to increase the average grade achieved through the plant. Mine management will also continue to seek ways to reduce the operating costs at the mine. Cash flow from Björkdal will also continue to be sensitive to currency exchange rates and, of course, the average realized gold price.

Management will also continue to emphasize resource development at Björkdal, both open pit and underground. The open pit development will be achieved through continued drilling in the southeast portion of the existing pit. Underground development will be achieved by drilling from excavated exploration headings that provide large step-outs into on-strike, but untested areas.

As detailed above, an aggressive exploration program at Björkdal has started in the second half of 2010. As of this report date, the aerial magnetic survey, and the infill till sampling program have been completed, with results and analysis to follow. Follow-up diamond drilling will target the results of the till sampling and geophysical surveys.

Surface diamond drilling in the Nylunds area, a highly prospective gold target located 500 metres along strike of the open-pit's southeastern boundary, began in July. Approximately 100 drill holes were previously drilled in the Nylunds area. Many of these holes intersected significant gold mineralization within vein structures that are very similar to Björkdal and represent the eastern extension of the deposit. The drilling will provide the basis for an initial resource estimation for the area.

Gold-Ore will continue to pursue corporate opportunities, focusing on Scandinavia as well as other European countries, but is willing to evaluate projects in other jurisdictions in the world of similar political stability.

NEW ACCOUNTING STANDARDS ADOPTED

CICA (Canadian Institute of Chartered Accountants) 3064, "Goodwill and Intangible Assets" and amended CICA 1000, "Financial Statement Concepts"

Effective December 1, 2008, the Company adopted CICA 3064 – "Goodwill and Intangible Assets". This standard establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a significant impact on the Company's financial statements.

CICA 3862, "Financial Instruments – Disclosures"

During the year, the CICA amended Section 3862 to enhance fair value and liquidity disclosures. The standard now requires that all financial instruments measured at fair value be categorized into one of three hierarchy levels. Each level is based on the transparency of inputs to the valuation of the financial asset or liability as of the measurement date. Adoption of this standard did not have any material effect on the consolidated financial statements. The disclosures required by this amendment are disclosed in Note 17(a).

EIC-173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities"

In January 2009, the CICA issued an Emerging Issues Committee Abstract ("EIC") on Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. This EIC discusses how an entity's own credit risk and the credit risk of the counterparty should be taken into account when determining the

fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have a material effect on the Company's financial statements.

EIC-174, "Mining Exploration Costs"

In March 2009, the CICA issued EIC-174 on Mining Exploration Costs. This EIC provides guidance for the accounting and the impairment review of mining exploration costs. Adoption of this standard did not have a material effect on the Company's financial statements.

NEW ACCOUNTING STANDARDS NOT YET ADOPTED

International Financial Reporting (IFRS)

In February 2008, the CICA Accounting Standards Board confirmed that public companies will be required to prepare interim and annual financial statements under IFRS for fiscal years beginning on or after January 1, 2011. The Company's first reporting period under IFRS will be the period ending February 28, 2012. Currently the company is assessing the impact of adopting IFRS and has not yet determined its effect on its financial statements.

The Company has been in communication with IFRS related consultants and advisors regarding the steps and procedures required during the transition. The key individuals that will oversee and direct the conversion process have attended several IFRS updates and information sessions to become more conversant with the changes.

At this point the area that has been identified as being the most significant is the capital assets held at Björkdal Mine. As companies in Sweden have the advantage of reporting under IFRS for some time now, and Björkdalsgruvan's advisors have already been exposed to IFRS, the Company is confident that the change to IFRS will be done in a timely manner.

CICA Sections 1582, 1601 and 1602

In January 2009, the CICA issued Section 1582 "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination. The CICA concurrently issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests," which replace Section 1600 "Consolidated Financial Statements." Section 1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The Company is currently assessing the impact of adopting these standards and has not yet determined its effect on its financial statements.

RISK FACTORS AND UNCERTAINTIES

Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations. The Company's primary counterparties related to its cash and cash equivalents and short-term investments carry investment grade ratings as assessed by external rating agencies. The Company maintains a majority of its cash and cash equivalents, and short-term investments with financial institutions domiciled in Canada and Sweden. Deposits held with these institutions may exceed the amount of insurance provided on such deposits. There is ongoing review to evaluate the creditworthiness of these counterparties. The Company manages credit risk for trade and other receivables through established credit monitoring activities. The Company's maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents, short-term investments and accounts receivable.

Liquidity Risk

The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances and purchasing short-term investments with early redemption features or may be sold into an active market. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

Currency Risk

As the Company operates in an international environment, some of the Company's transactions and balances are denominated in currencies other than the Canadian dollar. The Company's foreign exchange risk arises primarily with respect to the Swedish krona ("SEK"), the Euro and United States dollar. The Company's sales are based on commodity prices denominated in the United States dollar. These amounts are translated to Euros and SEK during the related quotational periods. The Company also has an investment in a self-sustaining Swedish subsidiary, whose net assets are subject to foreign exchange currency risk. Fluctuations in the exchange rates between these currencies and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

Interest Rate Price Risk

The Company's short-term investments are subject to interest rate price risk as they carry fixed rates of interest. The Company does not engage in any hedging activity to mitigate this risk. A plus or minus 1% change in market interest rates would not have a significant effect on the Company's loss and comprehensive loss for the year.

Commodity Price Risk

The Company is subject to price risk from fluctuations in market prices of the commodities that it produces. The Company's commodity price risk associated with financial instruments primarily relates to changes in fair value caused by settlement adjustments to receivables. Sales of metals in concentrate are recognized in revenue on a provisional pricing basis when title transfers and the rights and obligations of ownership pass to the customer, which usually occurs upon delivery.

However, final pricing is typically not determined until a subsequent date. Accordingly, revenue in any period is based on current prices for sales occurring in the period and ongoing pricing adjustments from sales that are still subject to final pricing. These pricing adjustments result in additional revenues in a rising price environment and reductions to revenue in a declining price environment, taking into account the actual price participation terms in the concentrate sales agreements.

Competition

There is competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, however management is confident in its ability to compete with other companies as well as its ability to recruit and retain qualified employees and other personnel.

Governmental regulations and processing licenses and permits

The Company's operations are in the foreign jurisdiction of Sweden. Sweden has a well established mining code and legislation under which the Company must operate. Delays in acquiring required permits and/or amendments to existing permits can negatively impact the Company's operations. Management is aware of the governmental requirements and uses its best efforts to prepare all licenses and permits in advance of when they are required, thereby mitigating the risk of operational disruption due to delays in receiving permits and/or licenses.

Environmental obligation

Future obligations to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site are initially recognized and recorded as a liability at fair value, based on estimated future cash flows, the Company's current credit adjusted risk-free discount rate and an estimated inflation factor. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted to full value over time through periodic charges to earnings. For operating properties, the amount of the asset retirement liability initially recognized and any subsequent adjustments are capitalized as part of the asset's carrying value and amortized over the asset's estimated useful life. Asset retirement obligations are only recorded when the timing or amount of remediation costs can be reasonably estimated.

Dependence on key personnel

The Company is dependent upon its current executive and mine management team. While it has entered into contractual arrangements with the aim of securing the services of these personnel on a longer-term basis, the retention of their services cannot be guaranteed. While no management changes are anticipated, the loss of any key executive or mine managers of the Company could have an adverse effect on the future of the Company's business. The Company competes with numerous other companies for the recruitment and retention of qualified employees and contractors.

Dependence on major customers and suppliers

The Company's revenues currently come from two major customers; however, the Company does not consider itself to be dependent on these customers as the gold products produced can be sold to other parties. Also, a large portion of the Company's production costs are incurred with a limited number of contractors. The Company does not consider itself to be dependent on these contractors

as they can be replaced by other contractors or the Company may elect over time to carry out the same functions on its own.

FORWARD-LOOKING STATEMENTS

Except for historical information contained in this management's discussion and analysis, disclosure statements contained herein contain "forward looking statements" within the meaning of "forward looking information" under applicable Canadian securities laws, concerning the business, operations and financial performance and condition of Gold-Ore Resources Ltd. ("Gold-Ore", "the Company"). Forward looking statements include, but are not limited to, statements with respect to the future price of gold, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of exploration activities, permitting time lines, currency exchange rate fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, and limitations on insurance coverage. Forward looking statements can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are cautioned that such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Gold-Ore to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward looking statements and the forward looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: the impact of global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on future cash flows; changes in future prices of gold or certain other commodities (such as fuel, steel and electricity); fluctuations in currency markets; possible variations in ore resources and reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents; labour disputes; delays in obtaining governmental approvals or financing on acceptable terms, or in the completion of development activities and other risks of the mining industry. Although Gold-Ore has attempted to identify important factors that could cause actual results to differ materially from those contained in forward looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Gold-Ore does not undertake to update or revise any forward looking statements that are included in this document, except as required by applicable securities laws.

OUTSTANDING SHARE DATA

Authorized:

Unlimited common shares, voting, without par value

Unlimited preferred shares, non-voting, without par value

As of October 12, 2010 the Company had the following common shares, options, and warrants:

| | |
|--------------------------|------------|
| ▪ Common Shares Issued | 83,038,559 |
| ▪ Share Purchase Options | 5,978,000 |
| ▪ Warrants | NIL |

DIRECTORS

Glen D. Dickson – Chairman
Ron A. Ewing – VP Corporate Affairs
Donald A. Sawyer

Robert S. Wasylyshyn – President
Alvin W. Jackson
David F. Mullen

ADDITIONAL INFORMATION

Additional information related to the Company can be found on SEDAR (www.sedar.com) or on our website (www.goldore.ca).

DISCLAIMER

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.sedar.com). No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented herein.