



May 2010

LETTER TO SHAREHOLDERS

Gold-Ore has achieved what few exploration companies ever accomplish, successfully become a producer. In early 2009, the Company announced that the Bjorkdal Gold Mine was in commercial production, targeting over 40,000 ounces of gold for 2010. This milestone was emphasized by the announcement of a NI43-101 compliant reserve estimate that indicates a mine life of greater than 4 years. Drilling throughout the year expanded the resource base and replaced the reserves that were mined, thereby extending the mine life even longer. This sequence of mining a tonne and finding a tonne can last for many more years than our current reserves suggest.

Gold-Ore accomplished the transition to producer while remaining debt free and without hedging future gold production. During the development phase, material that was mined was processed by our plant and the revenue from gold sales was used to fund develop the underground infrastructure. The underground unit of the mine is now in full operation, producing 44% of the ore processed.

An open pit optimization study and mine design study were completed in 2009. It was evident that with the strong gold price there remained a significant reserve base that is amenable to open pit mining. Open pit ore now contributes 56% of the tonnage processed and a significant proportion of the reserves.

The Bjorkdal plant was built in 1988 and has operated almost continuously since that time. The plant is in very good shape, but some areas required modernization. In addition to installing a Knelson concentrator, a state of the art computer control system was installed; both additions will improve gold recovery.

Now that the Company has achieved steady production we have turned our attention to optimizing the operation to improve the financial performance of the mine. Two main initiatives are being implemented: reducing underground mining costs and increasing the gold grade from the underground ore. As we ramped up production, the cost per ounce produced has climbed to unacceptable levels. Senior management identified a number of opportunities to lower costs by reducing our reliance on contract miners and by phasing in owner-operator mining activities. Equipment used for ground support and stope mining will be sourced and purchased over the next two quarters. Also, separate contracts for drift mining and ore haulage will be sought to help control costs for those activities.

The grade of the ore mined from underground has a significant impact on the overall financial performance of the Bjorkdal mine. Controlling dilution in narrow vein mining is critical, but narrow vein mining in Sweden is not a common practice. Thus, a technical review of several Canadian narrow vein

mining was undertaken to evaluate their mining methods. Several key techniques related to dilution were observed and are being implemented at Bjorkdal. The first step to reduce dilution of ore mined in the stopes is to strengthen the walls of the stope by a technique known as cable bolting prior to blasting the ore. This is expected to result in less rock being mined from the stopes and improved head grades of the ore.

During 2009 a geochemical survey of the 50 square kilometres surrounding the mine was conducted employing a technique known as heavy mineral concentrates. This process physically captures and counts the gold grains that are in the glacial till. Microscopic evaluation of the grains can estimate the distance to the bedrock source of the gold grains. This program successfully outlined several areas containing highly anomalous pristine gold grains suggesting proximity to bedrock mineralization. Exploration plans for 2010 will follow up on these areas with additional sampling and diamond drilling.

Gold-Ore is very fortunate to have solid, capable people working to achieve our production goals and advance the Company. We would like to take this opportunity to thank them for their efforts over the past year. Also, we would like to thank our loyal shareholders who continue to support us as we work to optimize Bjorkdal and improve the economic performance of the mine.

The recent graduation to the senior board of the Toronto Stock Exchange from the venture board is indicative of how Gold-Ore has developed over the last several years. We have also engaged a Financial Advisor to assist us in locating opportunities for corporate mergers and acquisitions. With a continued strong gold price and the results from our optimization strategies, we are confident that the Company will continue grow and provide greater shareholder value in the coming months.

Signed "Robert S. Wasylyshyn"

**Robert S. Wasylyshyn,
President, Chief Operating Officer**

Signed "Glen D. Dickson"

**Glen D. Dickson,
Chairman, Chief Executive Officer**