GGL DIAMOND CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

February 28, 2007

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Management Discussion and Analysis

FOR THE THREE MONTHS ENDED FEBRUARY 28, 2007
INFORMATION AS OF APRIL 20, 2007 UNLESS OTHERWISE STATED

The following discussion of the results and financial position of the Company for the quarter ended February 28, 2007 should be read in conjunction with the November 30, 2006 Consolidated Financial Statements and related notes.

Since 1992, the Company's primary focus has been on exploring for diamonds on the Slave Craton in the Northwest Territories of Canada. As part of its diamond exploration activities, the Company currently has a 100% interest in approximately 400,000 acres of mineral claims and leases and a 40% carried interest (De Beers Canada Inc. 60%) in leases containing 15,351 acres.

In the course of recent diamond exploration work in the Winter Lake area in the Northwest Territories, the Company made a potentially significant discovery of nickel mineralization.

A number of factors, detailed below (and in a *news release dated April 4, 2007*), point to this discovery as possibly being the first new nickel area discovered in Canada since Voisey's Bay. Before making any announcement, the Company worked to confirm its initial geological assessment of the significance of this discovery and to stake additional claims to cover the most prospective portions of the belt. The staking has now been completed. The Company's claims now cover an area about 80 km in length and up to 20 km in width.

From the Company's exploration efforts prior to 1992, it had acquired and maintained a 100% interest in the McConnell Creek Property in British Columbia, Canada, a gold and copper prospect. This property is situated in the area between the Toodoggone and Mt. Milligan project areas, which, in 2006, attracted expenditures of $25 million over an estimated 50 projects.

Now that gold and base metals are in demand and commodity prices attractive, the Company plans to pursue these opportunities in addition to diamonds.

GENERAL

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. It has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The Financial Statements and the discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the periods ended February 28, 2007 and 2006 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is related to the level of financing and exploration activities that are being conducted, which in turn may depend on the Company's recent exploration

experience and prospects, as well as the general market conditions relating to the availability of funding for exploration-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration work on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

The economics of developing mineral properties are affected by many factors, including the cost of operations, variations of grade of ore discovered, fluctuations in mineral markets, goods and services, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting goods and services and environmental regulations. Depending on the price of minerals discovered and potentially mined, the Company may determine it is neither profitable nor competitive to acquire or develop properties, or commence or continue commercial production. Diamond exploration and development is unique in the mining industry in that diamonds are substantially more difficult and expensive to find and develop than other commodities. The valuation of rough diamonds requires specialized experience and knowledge and the distribution and sale is limited to established diamond houses and brand names for either the diamonds or jewellery retail outlets.

NICKEL PROPERTIES

The recent discovery on the Winter Lake claims lies within an extensive belt of rocks previously identified by a mapping project funded by the Geological Survey of Canada and reported as having the potential for hosting magmatic nickel mineralization.

The belt, named the Winter Lake Supracrustal Belt, includes large volumes of mafic and ultramafic rocks, dated as being 2.7 billion years old and including tholeiitic basalts, komatiites, serpentinized peridotite, and gabbro intrusions. The belt features deep-penetrating faults, sulphur-bearing sediments in the form of black shales and massive sulphides. The various rock units within the belt are strongly deformed and have similarities to lithologic sequences that are known to host world-class nickel deposits.

Included within the belt of rocks underlying the property area are komatiites, which are very magnesium-rich volcanic rocks generally found only in early Precambrian sequences.

A remarkable global outpouring of komatiites occurred around 2.7 billion years ago, and many of these host a significant proportion of the world's sulphide nickel resources. Examples include the Thompson Nickel Belt (TNB) of Manitoba, the Raglan belt in northernmost Quebec, the Kambalda deposit in Western Australia, and Hunter's Road in Zimbabwe. All feature similar settings within unique geological belts developed along extensive fault or suture zones that transect the early Precambrian cratons within which they occur.

The presence of nickel in sulphide and associated elements, coupled with the chemistry of the mafic and ultramafic rocks in this newly defined belt are indicative of their potential to host significant nickel deposits.

Illustrating the potential of these belts, INCO first began exploring the Thompson Nickel Belt in 1946 and has continued to make discoveries to this day. It is significant that there are five deposits over a 70 km stretch at Thompson and 10 known deposits over a strike length of 55 km in the Raglan belt.

In view of the potential for multiple deposits and the occurrence of sulphide nickel, confirmed in this case by an assay of a grab sample and the discovery of anomalous nickel values in soils over a strike length of over 30 km, the opportunity has been afforded your Company to acquire by staking as much of the newly defined belt as has been demonstrated to be prospective for sulphide nickel mineralization.

Following the recognition of the nickel potential of the new belt, an intensive search of available literature of the world's nickel deposits and the chemical signatures of both the host rocks, mineralization and exploration techniques used to discover these deposits was undertaken.

Much of the information for the Slave Craton has only become available in the last few years and provided the evidence of the potential of this new area. This information was in the form of reports describing the geological and metallogenic evolution of the Craton and a new bedrock compilation map.

Historically, most of the major known nickel sulphide camps worldwide were discovered by way of regional prospecting and sampling programs. Examples include Sudbury, Nori'lsk, Kambalda, Thompson, Raglan and most recently, Voisey's Bay. Modern day techniques in the search for nickel deposits include a combination of geological, geophysical and geochemical exploration methods, used to detect physical or chemical haloes that are much larger than the orebodies themselves.

In Ni sulphide exploration, a processed magnetic map can define the contacts of the mafic-ultramafic host rock as well as linear features that may be indicative of sulphide mineralization. Such interpreted near-surface magnetic linears usually have a corresponding electromagnetic (EM) response. Accordingly, electromagnetic and magnetic geophysical surveys are commonly used to define drill targets for nickel mineralization.

Geophysics is also a prime exploration method for kimberlites and during our diamond exploration on the Slave Craton, we contracted Fugro Airborne Surveys, the world's largest geophysical company, to conduct extensive and detailed helicopter airborne magnetic and EM surveys on our behalf. The survey was completed at a line spacing of 60 metres, providing exceptional detail for interpretation and covering a strike length of 33 km of what we now recognize as the potential nickel belt. The geophysical data obtained by Fugro was then sent to Condor Consulting Inc., a Denver-based geophysical consulting group whose clients include some of the largest mining companies with world-wide projects. The data was enhanced by the use of proprietary software and the interpretation initially directed to find kimberlites has now been reassessed to outline and define potential target areas for nickel mineralization.

Attention was first directed to the area of the nickel in sulphides found in a grab sample collected from the edge of a 60 metres by 20 metres outcrop of serpentinite, an altered ultramafic rock. The sample lies within a 600 metres by 100 metres, northeast trending, linear magnetic high which is coincident with an EM conductive zone. This conductive zone is one of three within an approx. 2 km long linear magnetic high.

The rock was identified and the sample collected by John Knight, P. Geol., Consulting Geologist and Ken Frew, a geological technician. At the time, these individuals were operating under a tight schedule prior to freeze up and were checking for the presence of kimberlites. This sample and other non-diamond specific samples, were marked for later follow up and if warranted, for assay. This sample was subsequently assayed and the assay results for this particular sample were noted. The ICP-ES (total nickel) returned 0.447% Ni, 0.586% Cr2O3 and 0.73% total sulphur, the ICP-MS (nickel sulphide content) returned 0.41% Ni, 178.1 ppm Cu and 214.9 ppm Co. A 30 gm sample, tested by fire geochem & ICP-MS returned 71 ppb Pt (platinum) and 91 ppb Pd (palladium).

With a 31.93% MgO content, the sample is magnesium-rich. The plot for lanthanum (ppm) vs MgO (wt %) and the plot for palladium vs MgO lie in the alumina-undepleted komatiite field which is characteristic of the Thompson and Kambalda nickel areas.

The foregoing results prompted a re-examination of exploration data for the remainder of the claim area. During the sampling program for diamond exploration, soil samples were routinely collected and assayed. Our geologists noted that on occasion, high Ni values were being reported sporadically over a 33 km interval within the Company's 100% owned claims. Several areas in particular were of interest including one area 25 km north of the nickel discovery which included samples with anomalous values for Ni, Cu, Co, Cr, Fe, V and Ti. Significantly, the value for copper (Cu) in the glacial till (260 ppm) is higher than the value for copper in the grab sample collected (178 ppm). The area is overburden covered although an outcrop of gossan (a weathered area that may occur over sulphides) was noted. The government geological maps showed this area to be underlain by undifferentiated mafic volcanic rocks.

An interpretation of electromagnetic signatures for this area outlined a fold-like structure 15 km long by between 500 metres to 2 km wide. The limbs of the outlined "fold" vary from less than 10 metres to more than 400 metres in thickness. The fold structure as outlined by the EM survey takes the form of an elongated figure eight where the limbs of the EM anomaly almost join at the center of the figure eight. The positive soil samples and gossans in the area render this geophysical target a prime area for future exploration.

Six kilometres south of the southern part of the foregoing fold structure, a number of parallel EM anomalies, with apparent thicknesses of 200 metres, can be traced over a northeast trend of 14 kilometres. Along the western edge of the belt where komatiitic volcanics have been mapped, up to six parallel linear EM anomalies can be traced for at least 10 kilometres.

The current and future demand for sulphide nickel is well demonstrated and the recent recognition of sulphide nickel potential on the Company's new claims may be indicative of a new nickel area, one of the first discovered in Canada since Voisey's Bay. Current evidence confirms that additional exploratory work is warranted. The Company believes we have a major nickel area and we will be implementing a plan of exploration to test our targets.

The Qualified Persons for the Company are John Knight, P. Geol., Consulting Geologist and N. C. Carter, Ph.D., P. Eng., Consulting Geologist.

DIAMOND PROPERTIES

Diamond Exploration, Slave Craton, Northwest Territories, Canada

Craton is a geological term used to describe large areas of the world that have been stable over a long period of time and contain rocks that are over two and a half billion years old. The cratons of the world are also the world's main primary source of diamonds; if you want to find diamonds, you explore on cratons.

Diamonds are found in unique rocks called kimberlite and lamproite, derived from gas driven volcanoes that begin their journey to the earth's surface from depths of over 150 kilometers.

The first kimberlite discovery on the Slave Craton was in 1991 and led to the discovery of the commercial diamond-bearing kimberlites of Canada's first diamond mine - the Ekati Diamond Mine, opened in 1998. In 2003, the Diavik Diamond Mine began production and within a few years, these two mines alone established Canada as the third largest diamond producer by value. Now, in the Northwest Territories, two more diamond mines are being prepared for production.

In the Nunavut Territory adjacent to the Northwest Territories, Tahera Diamond Corp. began diamond production this year, while in Ontario another diamond pipe is being prepared for production**.**

However diamonds are hard to find and, despite the new discoveries, there is a world shortage of rough diamonds. ("Rough" is the term used for diamonds from mines in their uncut and unpolished natural state.) This shortage is predicted to increase the value of rough diamonds by 30% in the next six years.

This is a good time to be in diamond exploration and an even better time to find diamonds. The Company's extensive diamond exploration programs have produced the evidence that may well lead us to one or more viable diamond deposits.

Fishback Project, Southwest Slave Craton

A distinguishing feature of the southwest Slave Craton is that it contains the largest kimberlite found to date, within the Slave Craton, at over 20 hectares: the diamond-bearing Drybones Bay kimberlite. A kimberlite of this size is just less than 500 meters in diameter.

As the evidence will show, the Fishback Project has the potential to host an even larger kimberlite**.**

The Fishback property is located 60 km northwest of the city of Yellowknife (population 18,000) and is only 30 km from the paved all-weather Yellowknife Highway. A power line right-of–way passes through the south portion of the property. GGL Diamond Corp. has a 100% ownership of the claims that contain 36,664 acres covering an area 11 km x 12 km.

Claims have been held in the area since a 1994 regional exploration program began. At that time a fixed-wing airborne magnetic survey was completed over the area and disclosed a large magnetic anomaly that disrupted the major geological structures. This feature was noted both by us and by a geophysicist employed by De Beers – for a short time De Beers was exploring the area with us – but the anomaly appeared to be too large to be a kimberlite.

A few lake sediment samples were then taken from a portion of the lake within the magnetic anomaly and upon analysis, some of the samples were confirmed, by our qualified consultant, to have a kimberlite signature. This was determined by taking lake sediment samples over known kimberlites to quantify the values of certain elements and compounds that are commonly found in kimberlites.

It was also found, by a soil sampling survey on land, that a trail of anomalous kimberlitic values extended from the lakeshore along the direction of ice movement during the last ice age. By itself this was not accepted at the time as robust evidence for a kimberlite, as the use of geochemistry as an effective exploration tool for kimberlites was recognized but seldom used.

This is no longer the case, thanks to some excellent work done by the Geological Survey of Canada.

Kimberlite indicator minerals (KIM) are one of the most effective exploration tools for locating kimberlites. In most areas of the Slave Craton the melting ice of the last ice age left behind dirt called glacial till. KIM when present, can be recovered from samples of the till and taking samples back along the direction the ice came from, geologists can usually determine the area of the kimberlite. However, the ice at the Fishback area melted to produce an extremely large lake called Lake McConnell. Today, the large lake we know as Great Slave Lake is only a smaller remnant of this ice age lake, which removed most of the till and left behind just a few locations for us to sample. We did sample where we could and did find some KIM, not many but some, another clue that a kimberlite or a cluster of kimberlites may be in the lake.

Now, many of the kimberlites in the Slave Craton are found in deep lakes and in fact that is how Drybones was discovered. When we did a bathymetry survey to determine the depth of the lake; we found that at 70 meters deep – 230 feet – it was one of the deepest lakes in the Slave Craton, and had a remarkably flat bottom approximately one kilometer in diameter. This led us to extend the lake sediment survey over this deep portion of the lake to discover an extensive kimberlite geochemical anomaly with values similar to the sediment from the Drybones Bay kimberlite.

The evidence was looking more and more persuasive so we took the next step and completed a ground gravity and electro magnetic (EM) survey over the lake. The inner contour of the EM survey outlined a strong anomaly approximately 1 km in diameter and this contour overlapped a portion of the gravity low an anomaly that extends beyond the inner contour of the EM anomaly. The strong central portion of the gravity low is 980 m x 640 m in area.

The Company sent the data to geophysical consultants for their interpretation. We had established the depth of water but did not know the depth of the lake sediments. An interpretation of the data could not rule out a bedrock source for the anomalies and the only way to find out was to drill a hole through the ice into bedrock**.**

The first hole drilled in the winter of 2005 was placed into the center of the EM anomaly at the edge of the gravity anomaly. It penetrated 70.31 m of water followed by 59.6 m of overburden before entering bedrock.

The first 78.5 m of bedrock consisted of granite containing sections of red hematite alteration of feldspars (this alteration is common near kimberlites). The next 34.6 meters of core was a fine-grained breccia, which was later identified as a potential kimberlite-induced breccia and then confirmed by the discovery of kimberlite indicator minerals in the breccia unit. This conclusion was supported by the results from geochemical analysis of the breccia.

The process of alteration is called metasomatism. "Metasomatism accompanying kimberlite emplacement is a worldwide phenomenon, although infrequently described or recognized….The metasomatism…was caused by fluids from the rising but confined proto-kimberlite melt penetrating into cracks and matrix of granite country rock and reacting with it. These fluids were CO_2-rich, hydrous, oxidizing, enhanced in ultramafic elements and carried low levels of Na." This is a quote from a scientific paper entitled – Kimberlite metasomatism at Murowa and Sese pipes, Zimbabwe; the paper described a granite breccia that closely resembles the breccia we first found in boulders on land down ice of the target area and we were able to follow the geochemical analysis described when evaluating the breccias both from surface and from the subsequent drill holes. The following quote from the same paper highlights some additional information. "The kimberlite pipes, sills and dykes all show extensive metasometism of adjacent wall rock. The metasomatism can be latterly as extensive as the kimberlites themselves, up to 100 m wide… Furthest from the pipes… it is marked … by reddening of plagioclase feldspar…". The Company also consulted with geologists with direct kimberlite experience in the Slave Craton and they confirmed that similar alteration had been identified at commercial kimberlite pipes and sills.

In the summer of 2004, prior to our ground geophysical surveys, the Company attempted to reach under the deep part of the lake by drilling a minus 45 degree angle hole from land. The hole reached a depth of 847 meters and was terminated before reaching the target as it had significantly deviated to the south away from the target area. A breccia similar to that encountered in the first hole drilled in 2005 was encountered but its potential relationship to kimberlite was not recognized at the time. The collar of this hole is 1.3 km from the 2005 drill hole suggesting the potential for another kimberlite in this area.

A second hole drilled in 2005 near shore and 1.2 km southwest of the first drill hole was a minus 45 degree angle hole that encountered 43.8 meters of highly brecciated granite with a white carbonate matrix. Carbonate alteration at kimberlite contacts is common and a geochemical analysis of this breccia indicates the possibility of a kimberlite related event.

For these three holes to be related to one kimberlite is unlikely as the size of the kimberlite would be enormous, the carbonate breccia drill hole is 2 km from the 2004 drill hole. Most likely then is the possibility of a cluster of kimberlite events.

This demonstrates that following the clues to find diamonds takes time and patience. The answer to Fishback lies in more drilling and a budget of approximately $550,000 is required to continue to test the potential for a world class diamond deposit. In terms of risk to reward this is a modest sum. The Company will pursue financing and or joint ventures to further the project

PROPERTIES IN THE CENTRAL SLAVE CRATON

In the late 1990's, the Company began to evaluate the remaining diamond potential for the entire Slave Craton. This was accomplished primarily by rating kimberlite indicator mineral chemistry from the heavy mineral samples documented in the Company's proprietary database. An area containing some of the best diamond indicator mineral chemistry was selected for exploration and was called the CH Project. This project covered an area of some 6000 square kilometers located to the south and to the west of the Ekati and Diavik Diamond Mines. The Company took check samples to confirm the results from the database samples and in March 2000 began staking selected areas.

At the present time, the following properties derived from the CH Project are: Mackay, Courageous, G-claims, Seahorse/Shoe, Starfish, ZIP, Winter Lake North, BP, and Winter Lake South. Together these

properties contain a total of 270,826 acres; all are 100% owned by the Company. Based on the chemistry of indicator minerals, from previous sampling, each property has the potential to contain diamond-bearing kimberlites. Last year, a total of 198 heavy mineral samples and 198 soil samples were taken from the properties and 83 geophysical anomalies were ground checked for their potential as kimberlite targets.

To date, we have invested over $7 million in exploration expenditures on these properties and for most of them, have arrived at the drilling and drill target selection stage of exploration.

Courageous Property

The Courageous Property contains approximately 40,000 acres in an area 12 km x 12 km. To date, 12 potential kimberlite targets have been identified on these claims. Two of the targets were drill tested last summer and one proved to be a diamondiferous kimberlite pipe subsequently named the "Bishop". The Bishop Kimberlite is located 40 km south of the Ekati Diamond Mine.

Drilling a gravity anomaly located by a ground gravity survey restricted to the immediate target area discovered the Bishop Kimberlite. After the discovery, an expanded ground gravity survey discovered a 400m x 200m embayment in the regional gravity trend. The discovery drill hole is at the extreme south edge of the new gravity low suggesting the possibility of a much larger kimberlite north of the Bishop.

In its petrographic analysis of the Bishop kimberlite, Mineral Services Canada Inc. confirmed several phases of kimberlite were intersected in Diamond Drill Hole 06 – 21, including magmatic kimberlite (MK) and fine-grained resedimented volcaniclastic kimberlite (RVK). Of particular interest was the discovery of rare small wood fragments within the RVK, which, in combination with other features, indicates that this kimberlite formed by explosive eruption at surface. This suggests that the Bishop kimberlite formed by processes similar to those responsible for the formation of the Ekati and Diavik kimberlites. The observed petrographic characteristics indicate that the kimberlite intersected to date has a low diamond potential but do not rule out the possibility of associated phases of higher-interest kimberlite. (NOTE: analyses of 78.2 kg of the RVK returned 11 microdiamonds.)

The composition of Cr-diopside recovered from samples processed by Mineral Services suggests that the Bishop Kimberlite has sampled well within the diamond stability field and that the kimberlite has intruded a portion of the Slave Craton that is comparable in heat flow at the time of eruption to areas such as Ekati and Diavik. This, in combination with the presence of G10 garnets in the resedimented volcaniclastic kimberlite (RVK) suggests that the Bishop kimberlite has sampled some high-interest, potentially diamondiferous mantle. While the quantity of this high-interest material within the Bishop kimberlite intersected to date is very low and indicative of low diamond contents, Mineral Services recommends that additional drilling be considered in order to test for deeper coarser-grained phases with higher diamond potential.

The Company plans to secure funds to carry out both the recommendation of Mineral Services and the drill testing of the new enlarged gravity low anomaly. In addition, other selected targets at Courageous will be drilled as funds permit.

A total of five gravity surveys over five targets, including the Bishop area, and 94 heavy mineral samples and 94 soil samples were collected from the Courageous claims last summer. The heavy mineral samples will be treated to recover kimberlite indicator minerals. The results from the above exploration work are being evaluated for additional kimberlite targets.

A budget of approximately $1,000,000 has been proposed to continue the drilling of the Bishop Kimberlite area and the drilling of other defined kimberlite targets. This work is dependant on new funding.

Seahorse/Shoe Property

This group of adjoining claims contains a total of 55,781.5 acres and is centered approximately 35 km southeast of the Ekati Diamond Mine. Three heavy mineral and three soil samples were collected last summer for assessment work purposes.

A number of drill targets have been identified on the claims. The largest and one of the most attractive targets based on exploration results is located on the Shoe claims and is 27 km southwest of the Ekati Fox kimberlite pipe recently placed into diamond production.

The target, up to 300 meters in diameter (nine hectares) is located in a lake and defined by an airborne gravity anomaly flown by the BHP Condor system. A second drill target on the shore of the same lake is a magnetic anomaly 200 m x 100 m defined by a Fugro airborne geophysical survey conducted for the Company.

These targets are at the head of a kimberlite indicator mineral train and are highly prospective to host a diamondiferous kimberlite. In addition, two other geophysical targets, also supported by kimberlite indicator minerals, have been identified on the same mineral claim.

Funding permitting, the Company has budgeted approximately $500,000 to complete ground geophysical surveys and drill up to four drill holes on targets within the Shoe mineral claims.

DOYLE LAKE, SOUTHEAST SLAVE CRATON

The southeast area of the Slave Craton contains two diamond properties now being prepared for commercial production. They are the Snap Lake kimberlite dyke wholly owned by De Beers Canada Inc. ("De Beers") and the Gahcho Kue kimberlite pipes held by De Beers, Mountain Province Diamonds Inc. and Camphor Ventures Inc.

The Company has three projects in the Doyle Lake Area located 270 km ENE of Yellowknife.

The Doyle Project

The Doyle Project, 100% owned by the Company, contains 37,165 acres. It is surrounded by claims held by Diamondex Resources to the west, Diamonds North Resources and Southern Era Diamonds to the south, Diamondex and Majescor Resources to the east, and the De Beers Doyle JV and the New Century Project to the north.

The Doyle diamondiferous kimberlite sill has been traced over a strike length of two kilometers and down dip for one kilometer. The kimberlite averages two meters in thickness but the total extent of the kimberlite is yet to be determined. A 45-tonne mini bulk sample returned a low grade of diamonds, 13.52 carats per hundred tonnes, but a higher than normal proportion of these were of gem quality. The largest diamond recovered was a 1.25 carat stone while the largest gem quality diamond was a 0.83 carat diamond of exceptional clarity and color. The Company's consultants consider that one sample in this extensive kimberlite body is not adequate and have advised that additional mini-bulk samples are required to evaluate the diamond grade.

To date, the Doyle kimberlite is one of ten kimberlite pipes, dykes and blows that have been discovered along a 20 km northwesterly corridor that is centered about the cluster of pipes, 10 km from the Doyle kimberlite, that comprise the Gahcho Kue diamond property being prepared for production by De Beers.

Last summer, a geophysical target, previously selected by De Beers, was drilled on mineral claim LA 1, but no kimberlite was intersected. The drill targets proposed for the Quail Lake area on LA 4 mineral claims remain to be tested,

Future work on the Doyle kimberlite and work on identified drill targets is dependent on future funding.

New Century Project

The New Century Project consists of 21 mining leases containing 51,109 acres. The leases were acquired from Mountain Province Diamonds Inc. ("MPV"), Camphor Ventures Inc., and De Beers. The leases are subject to Royalty Agreements, in which royalties total 1.5% of net returns (gross revenues less permissible deductions). The Company has agreed to keep the leases in good standing and submit three yearly lease rental payments to the NWT Mining Recorders Office; the first two yearly lease rental payments of $51,109 have been made.

Six diamond drill holes were drilled at the New Century Project in July and August 2006. The holes were drilled to test anomalies previously identified from airborne and ground geophysics, and indicator minerals. Sampling and anomaly checking was carried out at the same time as the summer drill program; sampling results are not available at this time.

Two of the drill holes intersected kimberlite, DDH-DO06-219 intersected three stringers of kimberlite between 49.76 m and 67.78 m, the thickest being 0.46 m and is a fine-grained competent dark green to black kimberlite; DDH-DO06-221 intersected three stringers of kimberlite between 55.50 m and 58.95 m, the thickest being 0.5 m, a fine grained competent, dark green kimberlite. These intersections are thought to be part of the extensive MZ dyke system, which has now been traced over an area of 4 km x 1.5 km.

A number of targets that may represent kimberlite pipes have been identified and remain to be tested; these will be re-evaluated when the results of the sampling are received.

De Beers Doyle JV, De Beers 60%, GGL 40% (carried interest)

Under an agreement dated May 25, 1995, De Beers earned a 60% interest in the Doyle Lake properties. At present, De Beers retains the LA 5 to LA 9 claims and the fractional claims Extra 2 to Extra 4 inclusive (the "Doyle Leases"), while the remaining LA claims and fractions were returned 100% to the Company.

The north boundary of the Doyle JV area is approximately 150 m from the Hearne Kimberlite pipe, one of the Gahcho Kue diamond pipes being evaluated and permitted for production.

Within the Doyle JV area several gravity low anomalies have been identified as potential kimberlite targets. The Company is working to see if it can create a proposal to allow the testing of these targets by the Company without detriment to the Gahcho Kue permit areas**.**

GOLD COPPER PROPERTY

McConnell Creek Gold/Copper Property, British Columbia, Canada

In addition to its diamond exploration properties in the NWT, the Company owns 100% of the McConnell Creek Property, which is in northern British Columbia, in the Omineca Division, 780 km north of Vancouver. Access from Vancouver is by paved highway to Fort St. James and then by good gravel road, which goes north from Fort St. James to the Kemess Mine area.

The McConnell Creek Property has an area of 4,878 hectares and covers 15 km of an amphibolite gneiss roof pendant. The pendant, up to 1 km in width, is bounded by Jurassic diorite on the west and by Cretaceous quartz monzonite on the east. Although the property was staked because it hosts substantial gold showings, geochemical soil surveys investigating the showings and their extensions revealed the presence of copper-in-soil anomalies in several places. In 1991, the Company enlarged the Property to include a high-grade copper showing exposed along McConnell Creek, 3000 m southwest of the Main Gold Showing. The copper minerals occur in a series of branching sulphide-rich veinlets cutting monzodiorite.

In the past, the remoteness of the McConnell Creek area discouraged exploration for base metals. However, with the development of the large tonnage, copper-gold Kemess Mine 15 km northwest of the McConnell Creek Property, road access to the McConnell area has been greatly improved and a power line has been built. The power line passes 11 km west of the McConnell Creek Property. With the improved access to the area, with high grade copper mineralization outcropping along McConnell Creek, with several copper-in-soil geochemical anomalies associated with the extensive gold-bearing quartz vein-shear-zone system and especially now knowing that major copper-gold deposits occur nearby, the McConnell Creek Property has become a good exploration target for a copper-gold-molybdenum porphyry deposit.

As much of the McConnell data predates the new regulations, a 43-101 report on the property is being prepared.

Limited Operating History: Losses

The Company has experienced, on a consolidated basis, losses in all years of its operations. There can be no assurance that the Company will operate profitably in the future, if at all. As at February 28, 2007 the Company's deficit was approximately $15,041,696.

Price Fluctuations: Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many mineral exploration companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, during the quarter ended February 28, 2007, the per share price of the Company's shares fluctuated from a high of $0.175 to a low of $0.13. There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Future Issuance: Dilution

As at February 28, 2007, there were 5,536,000 stock options outstanding pursuant to which shares may be issued in the future, all of which will result in further dilution to the Company's shareholders and pose a dilutive risk to potential investors.

Stock Option Plan

In 2006 the Company amended its Stock Option Plan to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants which vest over one year. Under the 10% rolling plan, the number of shares available for grant increases as the issued capital of the Company increases.

Corporate Governance

The Company has a Corporate Disclosure Policy, an Insider Trading Policy and a Whistle Blower Policy.

Overall performance/results of operations

As at February 28 2007, the Company had incurred exploration costs on mineral properties of $123,617 (charter aircraft $(310); drilling and sampling $1,816; licences, recording fees and lease payments $30,566; salaries and wages $34,270; technical and professional services $47,649; transportation $764 and project supplies of $8,862). Exploration costs for the period ended February 28, 2007 are lower than 2006 by $338,957 a decrease of 73%. Exploration costs were lower in 2007 than 2006 for all categories except for

salaries and wages. Due to financial constraints, little work was performed in 2007. The increase in salaries and wages is due to the hiring of three permanent full time geologists in the spring of 2006.

On a per project basis, the Company spent the $123,617 exploration costs as follows: $58,858 on the CH project, $33,247 on the Doyle Lake project, $22,871 on the McConnell Creek, and $8,641 on the Fishback Lake Property.

The Company reported a net loss of $89,821 for the period ended February 28, 2007 compared to a net loss of $188,508 for the period ended February 28, 2006 (a decrease of 52% from 2006 to 2007). General administration expenses for the period ended February 28 2007 were $123,722 compared to $227,075 for the period ended February 28, 2006 (a decrease of 46% from 2006 to 2007). The decrease in general administration expenses was primarily due to a decrease in stock based compensation (2007- $2,751; 2006 - $89,585) and corporate relations expenses (2007 - $18,075; 2006 - $47,752).

Stock based compensation expenses decreased because there were no options granted in the period ended February 28, 2007 and only the investor relations options are still vesting. In 2006 all of the stock based compensation expenses related to new stock options and stock options that were not fully vested (except for investor relations consultants' options) were expensed immediately during the period ended February 28, 2006, when the plan was accepted by the TSX Venture Exchange in January 2006.

Corporate relations decreased as a result of the ending of one investor relations contract signed late in 2005. Legal and audit costs increased in 2007 due to an increase in corporate activities and an underestimate of audit fees for the 2007 audit. We had new auditors in 2007 and the fees were estimated at the time of the printing of the November 30, 2006 financial statements. In 2007 there was an increase in consulting fees due to more time spent by management on corporate matters versus exploration activity.

Revenue for the period ended February 28, 2007 was $2,526 consisting of interest income compared with $9,219 of interest income for the period ended February 28, 2006. Lower equity financing raised in 2006 and a decrease in the amount of funds carried forward resulted in a decrease in interest income for 2007.

Acquisition and Disposition of Resource Properties and Write offs

There were no acquisitions, dispositions or write offs of exploration and mineral property costs during the period ended February 28, 2007.

Related Party Transactions

During the three months ended February 28, 2007, the Company was billed $30,000 (February 28, 2006 – $18,000) by one director for consulting fees and nil (February 28, 2006 - $4,000) for technical and professional services. As at February 28, 2007, $30,000 was included in accounts payable (February 28, 2006 - $4,000). Transactions with related parties are measured on the basis of amounts agreed to by transacting parties.

Commitments

The Company has entered into an operating lease agreement with respect to its office premises and additional space in Vancouver until June 30, 2009. Minimum payments of $65,961, $66,316, and $38,973 are required in the years 2007, 2008 and 2009, respectively, under the agreement.

The Company has agreed to pay its President and Chief Executive Officer up to $10,000 per month. The Company owes him $73,000 (2006 – $43,000) which is included in accounts payable at February 28, 2007.

The Company has a mortgage loan on its Yellowknife house of approximately $23,185 which becomes due on December 3, 2008.

Critical Accounting Policies

No new accounting policies were introduced in 2007.

Mineral Properties and Related Deferred Costs

The cost of mineral properties and the related exploration costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized over the estimated useful lives of the properties following the commencement of production or written off if the properties are sold or abandoned. Management will also periodically determine when or where an exploration property is inactive and the value of such property may be impaired, whether the carrying value of the property should be written down, and the amount at which it should be carried.

The amounts shown for mineral property interests represent costs or deemed consideration, less write-offs, incurred to date, and do not necessarily reflect present or future values. The recoverability of amounts shown for mineral property interests is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing to complete development of the projects, and on future profitable production or proceeds from the disposition thereof.

Ownership in mineral property interests involves certain inherent risks due to the difficulties in determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mineral interests. The Company has investigated ownership of its mineral interests and, to the best of its knowledge, ownership of its interests are in good standing.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized when a reasonable estimate of fair value can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long-lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is adjusted to reflect revision to either timing or the amount of the original estimate of the undiscounted cash flow. As at February 28, 2007, the Company does not have any asset retirement obligations.

Stock Based Compensation

The fair value of stock options is determined by the widely used Black-Scholes Option Pricing Model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's common shares and the expected life of the options. The fair value of direct awards of stock is determined by the quoted market price of the Company's stock.

Subsequent Events

Subsequent to February 28, 2007, the Company:

(a) had 1,582,500 warrants expire unexercised;

(b) had 150,000 stock options expire unexercised;

(c) issued 9,669,778 common shares upon the exercise warrants ranging in exercise price between $0.15 and $0.35 per common share, for gross proceeds of $2,293,111;

(d) issued 751,000 common shares upon the exercise of stock options ranging in exercise price between $0.20 and $0.50 per common share;

(e) closed the private placement for non flow-through units after issuing a further 260,000 units at $0.15 per unit. The gross proceeds of $39,000 were received before the end of the period February 28, 2007. A commission of $720 in cash was paid.; and

(f) received a $250,000 shareholder loan which is secured by a promissory note against the Yellowknife house. Interest on the loan is 8% per annum, compounded annually. The loan and interest accrued become payable no later than ten days from the date of a written demand for payment on or after September 1, 2007.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with February 28, 2007. Financial information is prepared according to GAAP and is reported in Canadian $.

Quarter Ended:	February 28, 2007 ($)	November 30, 2006 ($)	August 31, 2006 ($)	May 31, 2006 ($)	February 28, 2006 ($)	November 30, 2005 ($)	August 31, 2005 ($)	May 31, 2005 ($)
Total Revenues	2,526	7,726	5,538	4,790	9,219	7,599	7,756	6,415
Net Income (Loss)	(89,821)	(329,426)	(746,743)	(465,935)	(188,508)	(537,439)	(137,931)	(173,226)
Net income (loss) per share	(0.001)	(0.005)	(0.008)	(0.005)	(0.002)	(0.004)	(0.002)	(0.002)

Note:
(1) Income (loss) before discontinued operations and extraordinary items is the same as Net Income (Loss) as there are no discontinued operations or extraordinary items in 2005, 2006 or 2007. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

During the third and fourth quarters, management decides which properties will be retained and which properties will be abandoned based on results from work performed during the field season. Properties that will be abandoned are written off in the third and fourth quarter and increase the Net Loss.

Liquidity and Capital Resources

The exploration and subsequent development of the Company's properties depends on the Company's ability to obtain required financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fully explore its existing properties. Failure to obtain financing could result in delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties. The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardised. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the cost required to complete recommended programs.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral properties and meet general and administrative expenses in the immediate and long term. There can be no assurance that the Company will be successful in raising their required financing.

The Company's financial performance is dependent on many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing

and controls and respond to changes in domestic and international, political, social and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

The Company had no working capital at February 28, 2007, but a deficiency of $444,058 compared with working capital of $965,710 as at February 28, 2006. The Company's liabilities exceeded its current assets at period end. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

As at February 28, 2007 had $9,032 (2006 - $13,288) of long-term debt (mortgage loan) outstanding.

For the period ended February 28, 2007, the Company experienced negative cash flow of $147,009 (2006 - $181,666) (before allowing for changes in non-cash operating working capital balances) from operating activities. Changes in operating activities resulted primarily from a decrease in administration costs such as travel, stock based compensation, corporate relations and shareholders meetings. (See Overall performance/results of operations for further information.)

The Company's cash position as at February 28, 2007 was $261,173 (2006 - $1,038,659). The decrease in cash position compared to February 28, 2006 was due principally to less funds raised and carried over from 2006 in comparison to the financing raised in 2005. See Note 2 – Share Capital in the Notes to the Consolidated Financial Statements.

During the period ended February 28, 2007:

(i) the Company completed a private placement of 1,053,778 flow through units at $0.18 per unit for gross proceeds of $189,680. Each unit consists of one common share and one-half share purchase warrant. One whole share purchase warrant is exercisable at $0.20 per common share during the first year and at $0.25 per common share during the second year. The proceeds from these flow through shares will be spent on Canadian Exploration Expenses ("CEE") on the Company's Northwest Territories properties. In addition the Company issued 3,910,000 units at $0.15 per unit for gross proceeds of $586,500. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable at $0.15 per common share during the first year and at $0.175 per common share during the second year.

The Company paid cash finders fees and commission of $41,520 and issued 28,140 common shares on a portion of the proceeds. $30,600 of the proceeds from the units private placement remains outstanding.;

(ii) issued 25,000 common shares upon the exercise of warrants at $0.19 per common share for gross proceeds of $4,750; and

(iii) 2,925,227 warrants expired unexercised.

At February 28, 2007 the Company has the following share purchase warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
1,000,000	$0.25/$0.30	March 8, 2007
582,500	$0.25/$0.30	March 15, 2007
7,777,778	$0.20/$0.22	April 29, 2007
1,666,666	$0.20/$0.22	July 27, 2007
2,044,961	$0.26	Sept. 28, 2007
130,000	$0.25	Dec. 12, 2007
14,000	$0.25	Dec. 27, 2007
1,610,000	$0.35/$0.45	June 12, 2008
198,000	$0.35/$0.45	June 27, 2008
3,400,000	$0.15/$0.175	Dec. 21, 2008
100,000	$0.15/$0.175	Dec. 27, 2008
526,889	$0.20/$0.22	Jan. 3, 2009
410,000	$0.15/$0.175	Feb. 20, 2009
19,460,794		

See Notes 2, 3, and 4 of the Consolidated Financial Statements for February 28, 2007.

See Subsequent Events section regarding a private placement completed after year-end.

Financial Instruments

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, marketable securities, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the short-term nature of these instruments.

The fair value of mortgage loan is approximated by the carrying amount as the mortgage loan bears a fair market rate of interest.

MANAGEMENT'S RESPONSIBILITY AND OVERSIGHT

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, as is appropriate to permit timely decisions regarding public disclosure.

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of

November 30, 2006. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109 – Certification of Disclosure in Issuer's Annual and Interim Filings ("52-109"), were effective at that time to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian Securities legislation are recorded, processed, summarized and reported within the time period specified in those rules. In conducting the evaluation it has become apparent that management relies upon certain informal procedures and communication, and upon "hands-on" knowledge of senior management. Management intends to formalize certain of its procedures. Due to the small staff, however, the Company will continue to rely on an active Board and management with open lines of communication to maintain the effectiveness of the Company's disclosure controls and procedures. It should be noted that any system of controls is based in part upon certain assumptions designed to obtain reasonable assurance as to the effectiveness, and there can be no assurance that any design will succeed in achieving its stated objectives. Lapses in the disclosure controls and procedures could occur and/or mistakes could happen. Should each occur, the Company will take reasonable steps necessary to minimize the consequences thereof.

Internal Controls and Procedures over Financial Reporting

Management is also responsible for the design of the Company's internal control over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. It should be noted that a control system, no matter how well conceived or operated, can only provide reasonable assurance, not absolute assurance, that the objectives of the control system are met.

Outstanding Share data as at April 20, 2007:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	116,319,141

(b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	30,000	$0.20	May 1, 2007
Options	180,000	$0.20	July 18, 2007
Options	370,000	$0.25	Feb. 06, 2008
Options	220,000	$0.30	April 25, 2008
Options	50,000	$0.26	Aug. 15, 2008
Options	360,000	$0.26	Jan. 15, 2009
Options	310,000	$0.50	Jan. 15, 2009
Options	330,000	$0.50	March 19, 2009
Options	15,000	$0.26	June 29, 2009
Options	600,000	$0.20	May 12, 2010
Options	100,000	$0.20	June 7, 2010
Options	325,000	$0.20	July 8, 2010
Options	25,000	$0.20	October 28, 2010
Options	120,000	$0.20	December 7, 2010
Options	835,000	$0.20	March 23, 2011
Options	645,000	$0.26	May 12, 2011
Options	120,000	$0.20	Aug. 15, 2011
Total	**4,635,000**		

(c) Summary of warrants outstanding.

Security	Number	Exercise Price	Expiry Date
Warrants	1,666,666	$0.22	July 27, 2007
Warrants	2,044,961	$0.26	Sept. 28, 2007
Warrants	125,000	$0.25	Dec. 12, 2007
Warrants	7,000	$0.25	Dec. 27, 2007
Warrants	290,000	$0.35/$0.45	June 12, 2008
Warrants	98,000	$0.35/$0.45	June 27, 2008
Warrants	3,400,000	$0.15/$0.175	Dec. 11, 2008
Warrants	100,000	$0.15/$0.175	Dec. 27, 2008
Warrants	266,889	$0.20/$0.25	Jan. 2, 2009
Warrants	210,000	$0.15/$0.175	Feb. 20, 2009
Warrants	260,000	$0.15/$0.175	March 6, 2009
Total	**8,468,516**		

(d) There are no escrowed or pooled shares.

Other Information

The Company's web site address is www.ggldiamond.com. Other information relating to the Company may be found on SEDAR at www.sedar.com.

Forward Looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements." All statements in this discussion, other than statements of historical facts, that address future production, reserve potential, exploration drilling, exploration activities and events or developments that the Company expects, are forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration successes, continued availability of capital and financing, and general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

BY ORDER OF THE BOARD

" Raymond A. Hrkac "

Raymond A. Hrkac
President and CEO

" Nick DeMare "

Nick DeMare
Director and CFO