GGL DIAMOND CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2009

(UNAUDITED)

NOTICE: The Company's auditors have not reviewed the attached Interim Consolidated Financial Statements for the period ended May 31, 2009.

GGL DIAMOND CORP.

Consolidated Balance Sheets as at
(Unaudited)

	May 31, 2009	November 30, 2008 (Audited)
ASSETS		
Current		
Cash	$ 188,731	$ 332,665
Amounts receivable	14,595	128,665
Prepaid expenses	12,280	21,762
	215,606	483,092
Unproven mineral interests (Note 3)	18,238,127	19,954,322
Property and equipment	224,487	424,362
	$ 18,678,220	$ 20,861,776
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 339,680	$ 699,933
Commitments (Note 9)		
SHAREHOLDERS' EQUITY		
Share capital (Note 4)	35,211,782	35,211,782
Contributed surplus (Note 6)	3,851,511	3,822,571
Deficit	(20,724,753)	(18,872,510)
	18,338,540	20,161,843
	$ 18,678,220	$ 20,861,776

Subsequent events (Note 11)

On behalf of the Board:

"Raymond A. Hrkac"
Raymond A. Hrkac, Director

"Nick DeMare"
Nick DeMare, Director

GGL DIAMOND CORP.

Consolidated Statements of Operations and Deficit
(Unaudited)

	For the three months ended May 31, 2009	For the three months ended May 31, 2008	For the six months ended May 31, 2009	For the six months ended May 31, 2008
Expenses				
Amortization	$ 528	$ 710	$ 1,053	$ 1,316
Consulting fees	19,678	76,102	33,741	173,361
Corporate relations	-	2,822	-	5,377
General exploration costs	34,728	36,297	(3,491)	90,790
Legal and audit	2,039	14,195	4,826	30,314
Licences, taxes, insurance and fees	(277)	1,841	8,494	15,978
Office services and expenses	43,909	52,885	89,507	110,585
Shareholders' meetings and reports	1,035	15,391	1,760	18,316
Stock-based compensation	28,940	690,425	28,940	697,829
Travel	-	1,352	-	3,448
Operating loss	(130,580)	(892,020)	(164,830)	(1,147,314)
Other income (loss)				
Foreign exchange loss	(218)	(585)	(378)	(655)
Gain on sale of property and equipment	-	-	230,368	-
Interest income	645	21,144	729	53,427
Other tax expense	-	(37,719)	-	(55,000)
Write off of property and equipment	-	-	-	(3,828)
Write off of exploration and unproven mineral interests	(1,524,323)	(558,417)	(1,918,132)	(558,417)
	(1,523,896)	(575,577)	(1,687,413)	(564,473)
Net loss before taxes	(1,654,476)	(1,467,597)	(1,852,243)	(1,711,787)
Future income tax recovery	-	4,152	-	863,363
Net loss for the period	(1,654,476)	(1,463,445)	(1,852,243)	(848,424)
Deficit, beginning of period	(19,070,277)	(17,592,578)	(18,872,510)	(18,207,599)
Deficit, end of period	$ (20,724,753)	$ (19,056,023)	$ (20,724,753)	$ (19,056,023)
Loss per share - basic and diluted	$ (0.011)	$ (0.011)	$ (0.013)	$ (0.006)
Weighted average number of common shares outstanding - basic and diluted	144,607,025	139,447,668	144,607,025	137,519,448

Please see the notes accompanying these financial statements.

GGL DIAMOND CORP.

Consolidated Statements of Cash Flows
For the three months ended
(Unaudited)

	May 31, 2009	May 31, 2008
Cash flows used in operating activities		
Loss for the period	$ (1,654,476)	$ (1,463,445)
Adjustment for items not involving cash:		
- amortization of property and equipment	528	710
- amortization of exploration property and equipment	12,021	11,162
- future income tax recovery	-	(4,152)
- stock-based compensation	28,940	690,425
- write off of exploration and unproven mineral interests	1,524,323	558,417
	(88,664)	(206,883)
Change in non-cash working capital items:		
- amounts receivable	74,220	(71,187)
- prepaid expenses	4,355	(2,271)
- accounts payable and accrued liabilities	(78,138)	44,603
	(88,227)	(235,738)
Cash flows from financing activities		
Shares issued for cash	-	27,500
Share issuance costs	-	(3,414)
Principal reduction of mortgage loan	-	(4,594)
	-	19,492
Cash flows used in investing activities		
Additions to deferred exploration costs	(101,095)	(1,465,034)
Purchase of property and equipment	-	(12,127)
	(101,095)	(1,477,161)
Decrease in cash and cash equivalents	(189,322)	(1,693,407)
Cash and cash equivalents, beginning of period	378,053	3,125,091
Cash and cash equivalents, end of period	$ 188,731	$ 1,431,684

Please see the notes accompanying these financial statements.

GGL DIAMOND CORP.

Consolidated Statement of Cash Flows
For the six months ended
(Unaudited)

	May 31, 2009	May 31, 2008
Cash flows used in operating activities		
Loss for the period	$ (1,852,243)	$ (848,424)
Adjustment for items not involving cash:		
- amortization of property and equipment	1,053	1,316
- amortization of exploration property and equipment	24,091	27,344
- future income tax recovery	-	(863,363)
- gain on sale of property and equipment	(230,368)	-
- stock-based compensation	28,940	697,829
- write off of property and equipment	-	3,828
- write off of exploration and unproven mineral interests	1,918,132	558,417
	(110,395)	(423,053)
Change in non-cash working capital items:		
- amounts receivable	114,070	(104,282)
- prepaid expenses	9,482	(669,569)
- accounts payable and accrued liabilities	(675,082)	127,951
	(661,925)	(1,068,953)
Cash flows from financing activities		
Shares issued for cash	-	80,250
Shares issued for cash – flow-through shares	-	4,014,500
Share issuance costs	-	(288,557)
Principal reduction of mortgage loan	-	(8,466)
	-	3,797,727
Cash flows used in investing activities		
Acquisition of unproven mineral interests	-	(66,429)
Additions to deferred exploration costs	87,891	(1,963,686)
Option payment received	25,000	-
Proceeds from sale of property and equipment	405,100	-
Purchase of property and equipment	-	(12,123)
	517,991	(2,042,238)
(Decrease) increase in cash and cash equivalents	(143,934)	686,536
Cash and cash equivalents, beginning of period	332,665	745,148
Cash and cash equivalents, end of period	$ 188,731	$ 1,431,684

Please see the notes accompanying these financial statements.

These notes should be read in conjunction with the Audited Consolidated Financial Statements for the year ended November 30, 2008.

1. Nature and Continuance of Operations

The Company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability of the Company to obtain the necessary financing to develop the reserves and upon future profitable production. At May 31, 2009, the Company has a working capital deficiency of $124,074 and a deficit of $20,724,723.

The Company intends to continue its exploration programs. The Company's ability to continue its exploration programs 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. Management is actively pursuing such additional sources of financing.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values shown in the consolidated financial statements should the Company be unable to continue as a going concern. The ability of the Company to settle its liabilities as they come due and to fund ongoing operations is dependent upon the ability of the Company to obtain additional funding from equity financing. Failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which could differ materially from the going concern basis.

2. Adoption of New Accounting Policies

Current Changes in Accounting Policies

(a) Goodwill and Intangible Assets, Section 3064

The CICA issued the new Handbook section 3064, "Goodwill and Intangible Assets", which will replace section 3062, "Goodwill and Intangible Assets". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of preproduction and start-up costs and requires that these costs be expensed as incurred. The new standard applies to annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008.

(b) Going Concern – Amendments of Section 1400

CICA 1400, General Standards of Financial Statements Presentation, was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008.

2. **Adoption of New Accounting Policies,** continued

Future Changes in Accounting Policies

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Unproven Mineral Interests

	Balance November 30, 2008	2009 Mineral interests additions	2009 Exploration cost additions	2009 Written off	Balance May 31, 2009
Doyle Lake	$ 3,491,801	$ -	$ 20,674	$ (1,344,203)	$ 2,168,272
Fishback Lake	1,226,657	-	4,948	(402,375)	829,230
CH	7,734,437	-	(30,819)*	-	7,703,618
Providence Greenstone Belt	4,735,107	-	155,819	(171,555)	4,719,371
McConnell Creek	2,766,320	-	51,316	-	2,817,636
	$ 19,954,322	**$ -**	**$ 201,938**	**$ (1,918,133)**	**$ 18,238,127**

* See Note 3(b)

	Balance November 30, 2008	2009 Additions	2009 Written off	Balance May 31, 2009
Unproven mineral interests	$ 631,254	$ -	$ (74,379)	$ 556,875
Deferred exploration costs	19,323,068	201,938	(1,843,754)	17,681,252
	$ 19,954,322	**$ 201,938**	**$ (1,918,133)**	**$ 18,238,127**

3. Unproven Mineral Interests, continued

Exploration costs incurred during the six months ended:

	May 31, 2009	May 31, 2008
Chartered aircraft	$ -	$ 205,333
Sampling	445	87,745
Land use permits and reclamation bonds	-	76,400
Licences, recording fees and lease payments	31,122	81,786
Project supplies	4,500	220,264
Salaries and wages	24,073	122,663
Surveying	6,500	919,026
Technical and professional services	154,620	223,903
Transportation	5,678	30,613
	$ 226,938	**$ 1,967,733**

(a) Doyle Lake, Northwest Territories, Canada

(i) Under the De Beers Agreement ("the Agreement") dated May 25, 1995, De Beers has earned a 60% interest in the Doyle Lake Properties, which consist of 5 claims and 3 fractional claims (12,972 acres);

(ii) the Company has 11 mining leases (25,579 acres) in the Northwest Territories from Mountain Province Diamonds Inc., Camphor Ventures Inc., and De Beers Canada Inc., subject to Royalty Agreements which total 1.5% of net returns (gross revenues less permissible deductions); and

(iii) in addition, the Company holds 17 claims (16,206 acres) (Nov. 30, 2008 - 36 claims; 39,726 acres) in the Doyle Lake area that are not subject to the Agreement. 16 of these claims are leases. During the period, 19 (23,520 acres) mining leases were allowed to lapse and the related costs of $1,344,203 were written off. The relinquished leases do not include the Doyle diamond-bearing kimberlite sill which is 100% owned by the Company.

(b) CH, Northwest Territories, Canada

The Company signed an exploration and option agreement on 73 of its 121 CH claims in the Northwest Territories. Kennecott Canada Exploration Inc. must make payments totalling $1,000,000 and incur cumulative expenditures of $10,000,000 in order to earn a 100% interest, subject to a gross overriding royalty of 1.5% of the appraised value of all gem and industrial diamonds recovered, sorted and graded from the property and a 1.5% net smelter returns royalty on the net value of all ores, minerals, metals and materials except diamonds, mined and removed from the property and sold or deemed to have been sold. The payments and both royalties are payable to the Company. The Company has received the first payment of $25,000.

3. Unproven Mineral Interests, continued

(c) Fishback Lake, Northwest Territories, Canada

The Company owns 7 claims (13,301 acres) (Nov. 30, 2008 - 15 claims; 29,561 acres) in the Fishback Lake area. One of these claims is a mining lease. During the period, 8 claims (16,260 acres) were allowed to lapse and the related costs of $402,375 were written off.

(d) Providence Greenstone Belt, Northwest Territories, Canada.

The Company owns 133 claims (293,152 acres) (Nov. 30, 2008 - 152 claims; 332,509 acres) in the Providence Greenstone Belt area of the Northwest Territories. These claims lie 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. During the period, 19 claims (39,357 acres) were allowed to lapse and the related costs of $171,555 were written off.

(e) General exploration, Northwest Territories, Canada

The Company signed a non-exclusive licence agreement for the use of its Slave Geological Province data set for diamond exploration for $100,000 and will provide 500 hours of technical support at a price of $50,000 prepaid. As at May 31, 2009, $45,150 of the accounts payable and accrued liabilities represents 451.50 hours remaining of technical support.

4. Share Capital

(a) Authorized: unlimited common shares without par value.

(b) 144,607,025 common shares issued (no changes during the period).

(c) 1,065,000 stock options expired unexercised (see Note 5).

(d) At May 31, 2009, the Company had the following share purchase warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
2,855,000	$0.30/$0.40	Aug. 13, 2010
20,000	$0.30/$0.40	Aug. 18, 2010
2,875,000		

4. Share Capital, continued

Changes in warrants during the period ended May 31, 2009 are as follows:

	Number of warrants	Weighted average exercise price
Outstanding, beginning of period	5,605,000	$0.24
Expired	(2,730,000)	$0.18
Outstanding, end of period	2,875,000	$0.30

5. Stock Options

The Company has a 10% rolling Stock Option 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.

During the period ended May 31, 2009:

(a) 1,065,000 options expired unexercised;

(b) 830,000 stock options granted May 1, 2007 at an exercise price of $0.63 were repriced to $0.10 per share;

(c) 725,000 stock options granted July 31, 2007 at an exercise price of $0.56 were repriced to $0.10 per share; and

(d) 62,500 stock options granted May 1, 2008 at an exercise price of $0.20 were repriced to $0.10 per share.

	Shares	Weighted Average Exercise Price
Options outstanding as at Nov. 30, 2008	11,023,333	$0.35
Expired	(1,065,000)	$0.41
Options outstanding as at May 31, 2009	**9,958,333**	**$0.27**

2009 options exercisable	9,958,333	$0.27
2008 options exercisable	11,048,333	$0.35

5. Stock Options, continued

	2009	2008
Weighted average remaining contractual life	3.19 years	3.87 years
Weighted average fair value of options granted during the period	N/A	$0.19

Stock options outstanding at May 31, 2009 are as follows:

Security	Number	Exercise Price	Expiry Date
Options	300,000	$0.20	May 12, 2010
Options	50,000	$0.20	June 7, 2010
Options	210,000	$0.20	July 8, 2010
Options	25,000	$0.20	October 28, 2010
Options	775,000	$0.20	March 23, 2011
Options	495,000	$0.26	May 12, 2011
Options	60,833	$0.20	Aug. 15, 2011
Options	100,000	$0.63	May 1, 2012
Options	830,000	$0.10	May 1, 2012
Options	2,150,000	$0.56	July 31, 2012
Options	725,000	$0.10	July 31, 2012
Options	62,500	$0.10	May 1, 2013
Options	700,000	$0.20	May 1, 2013
Options	3,450,000	$0.20	May 23, 2013
Options	25,000	$0.20	July 31, 2013
Total	**9,958,333**		

6. Contributed Surplus

Contributed surplus for May 31, 2009 and 2008 is comprised of:

	2009	**2008**
Balance, beginning of the period	**$ 3,822,571**	**$ 3,125,977**
Stock-based compensation on stock options	-	697,829
Stock-based compensation on repriced options	28,940	-
Stock options exercised	-	(6,500)
Balance, May 31,	**$ 3,851,511**	**$ 3,817,306**

7. Related Party Transactions

During the six months ended May 31, 2009, the Company was billed $31,641 (May 31, 2008 – $53,821) by one director for consulting fees and $43,359 (May 31, 2008 - $16,179) for technical and professional services. As at May 31, 2009, $141,260 was included in accounts payable for services rendered in 2008 to May 31, 2009 (May 31, 2008 - $45,117).

8. Segmented Information

The Company is involved in mineral exploration and development activities, which are conducted in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the six months ended May 31, 2009 and 2008.

9. Commitments

In 2006, the Company entered into a three year operating lease agreement with respect to its office premises and acquired additional office space for three years. Both leases end June 30, 2009 and the minimum payment required under the agreement for 2009 is $39,722. The Company has not renewed its lease and is paying rent on a month to month basis.

10. Comparative Figures

Certain 2008 figures have been reclassified to conform to the presentation used in the current period.

11. Subsequent Events

Subsequent to May 31, 2009, the Company announced in a press release dated July 17, 2009 that the Company intends to raise up to $1,400,000 by way of a non-brokered private placement. A combination of flow-through units at a price of $0.08 per unit and non-flow-through units at a price of $0.06 per unit will be sold. Each flow-through unit will consist of one flow-through common share and one half of one non-transferable non flow-through warrant. Each whole warrant will entitle the holder to purchase one non flow-through common share for one year from the closing date at $0.10 per share.

Each non flow-through unit will consist of one non flow-through common share and one half of one non-transferable common share purchase warrant. Each whole warrant will entitle the holder to purchase one non flow-through common share for three years from the closing date at $0.10 per share in the first year, $0.20 per share in the second year and $0.30 per share in the third year.

If the common shares trade on the TSX Venture Exchange at a closing price greater than $0.50 per share for twenty consecutive trading days at any time after four months and one day from the closing date, the Company may accelerate the expiry of the warrants by giving notice to the holders thereof, and in such case the warrants will expire on the 30th day after the date on which such notice is given. The Company may pay a finders fee to eligible finders of purchasers of units. Such fees will be paid in non flow-through common shares.