GGL DIAMOND CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2009

GGL DIAMOND CORP.

Management's Discussion and Analysis

FOR THE SIX MONTHS ENDED MAY 31, 2009; INFORMATION AS OF JULY 27, 2009 UNLESS OTHERWISE STATED

The following discussion of the results of operations and financial condition of the Company for the second quarter ended May 31, 2009 should be read in conjunction with the consolidated financial statements for the periods ended May 31 and February 28, 2009, and the year ended November 30, 2008. The information reported here includes events taking place subsequent to the end of the second quarter, up to and including July 27, 2009.

GOLD PROPERTIES – PROVIDENCE GREENSTONE BELT

Following regulatory approval of the assessment work from the 2008 exploration season, GGL will have secured tenure on its key mineral claims on the Providence Greenstone Belt (PGB) property for up to an additional eight years. The PGB property, located approximately 250 kilometers north of Yellowknife, covers more than 389,000 acres and includes 180 mineral claims (including the Zip, Winterlake North and South, BP and GM claims) which are 100%-owned BY GGL.

Exploration work to date has confirmed and enhanced the potential for magmatic nickel deposits associated with komatiites and has also established that the PGB, in common with many greenstone belts, has the potential for VMS (copper, zinc, lead, silver and gold) deposits and for gold deposits associated with both iron formation and major structural shear zones.

Several new gold discoveries have been located on the PGB property. The gold values associated with one showing have assayed up to 42.7 gpt Au (1.25 oz/ton). Another has returned gold values up to 27.8 gpt Au (0.81 oz/ton).

Based on the recommendations of Aurora Geosciences Ltd. of Yellowknife, which was engaged to evaluate the PGB property, GGL has developed a two-year exploration program focused on these gold prospects and is now seeking the necessary financing.

GOLD PROPERTIES – MCCONNELL CREEK

GGL has submitted an Assessment Report which advances by ten years its claims on the McConnell Creek property in northern British Columbia. The property has known high-grade copper showings and several gold-bearing shear zones

DIAMOND PROPERTIES

Under the direction of Kennecott, GGL has contracted Aurora Geosciences Ltd. to conduct a gravity survey on lake and land-based targets on the Shoe 4 mineral claim, 45 kilometers west of the Diavik Diamond Mine, which hosts the potential for a cluster of diamondiferous kimberlites.

Due to an unusually late spring thaw a crew was not able to mobilize into the property until early June and was able to complete only a portion of the gravity survey due to inclement weather. The remainder of the geophysical program will be completed prior to the end of summer.

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 May 31, 2009, the Company's deficit was $20,724,753.

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. From Dec. 1, 2008 to May 31, 2009 the closing price of the Company's shares was between $0.02 and $0.09 (Dec. 1, 2007 to May 31, 2008 $0.175 to $0.27). There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Future Issuance: Dilution

As at May 31, 2009, there were 9,958,333 stock options and 2,875,000 warrants 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. Please see Subsequent Events section for updated share data and breakdown by expiry date.

Stock Option Plan

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. 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, the Company's Board of Directors approved and repriced 1,617,500 stock options granted May 1, 2007, July 31, 2007 and May 1, 2008 to the employees and consultants to $0.10 per common share. See Note 5 of the Consolidated Financial Statements for May 31, 2009. During the period the Company recorded $28,940 of stock based compensation expense for the repricing of stock options.

Corporate Governance

The Company has a Corporate Disclosure Policy, an Insider Trading Policy and a Whistle Blower Policy. To view a copy of these policies, please go to www.ggldiamond.ca.

Overall performance/results of operations

As at May 31, 2009, the Company had incurred exploration costs on mineral properties of $226,938 (sampling $445; licences, recording fees and lease payments $31,122; salaries and wages $24,073; technical and professional services $154,620; transportation $5,678; surveying $6,500; and project supplies of $4,500). Exploration costs for the period ended May 31, 2009 are less than the same period in 2008 by $1,740,795 a decrease of 88.5%. Exploration costs were higher in 2008 than 2009 for all categories of expenditures. Due to current market conditions, the Company was unable to secure financing during the period to fund further exploration costs.

On a per project basis, the Company spent the $226,938 of exploration costs as follows: $(5,819) on the CH project, $20,674 on the Doyle Lake project, $51,316 on the McConnell Creek, $4,948 on the Fishback Lake Property and $155,819 on the Providence Greenstone Belt. The CH project costs are net of the $25,000 received from Kennecott Canada Exploration Inc. on signing of an exploration and option agreement on 73 of the CH claims. Please see note (d) under Acquisition and Disposition of Resource Properties and Write offs.

The Company reported a net loss of $1,852,243 for the period ended May 31, 2009 compared to a net loss of $848,424 for the period ended May 31, 2008. General administration and exploration expenses for the period ended May 31, 2009 were $164,830 compared to $1,147,314 for the period ended May 31, 2008 (a decrease of

85.7% from 2008 to 2009). The expenses would have been $100,000 higher if the Company had not signed a non-exclusive licence agreement for the use of its Slave Geological Province data set for diamond exploration.

The decrease in expenses was primarily due to an overall decrease in all categories in order to preserve capital: office services and expenses (2009-$89,507; 2008-$110,585); consulting fees (2009-$33,741; 2008-$173,361); licences, taxes, insurance and fees (2009-$8,494; 2008-$15,978); legal and audit (2009-$4,826; 2008-$30,314); stock based compensation (2009-$28,940; 2008-$697,829) and shareholders' meetings and reports (2009- $1,760; 2008-$18,316). In 2008 there were higher consulting fees due to more time spent by management on corporate matters, a financial and advisory contract and payments to the Vice President of Administration. Licences, taxes, insurance and fees decreased in 2009 due to a partial refund of the insurance on the Yellowknife house and a decrease in the TSX Venture Annual Sustaining fee which is based on the closing price of the Company's shares at December 31 (2009 $0.03; 2008-$0.175). Stock based compensation decreased since no stock options were granted during the period and only the repricing of stock options occurred. Shareholders' meetings and reports decreased in 2009 due to a change in the annual general meeting date being in August 2009 this year instead of May as in the prior year (the costs will be incurred in the next period). Legal and audit costs were lower during the period also due to the change in the annual general meeting date from May to August 2009. General exploration costs were negative during the period ended May 31, 2009 due to the receipt of $100,000 for a non-exclusive licence agreement to use the Company's Slave Geological Province data set for diamond exploration.

For the period ended May 31 2009, the Company had a gain on the sale of property and equipment of $230,368 and $729 of interest income. The Company sold its Yellowknife House and some equipment for gross proceeds of $405,100. For the period ended May 31, 2008, the Company earned $53,427 of interest income. The Company does not have any revenues.

<u>Acquisition and Disposition of Resource Properties and Write offs</u>

During the period ended May 31, 2009:

(a) 19 Doyle (23,520 acres) mining leases were allowed to lapse and the related costs of $1,344,203 were written off. These are separate from the Doyle Lake Properties which are under the De Beers Agreement dated May 25, 1995 and the mining leases acquired in 2005 from Mountain Province Diamonds Inc., Camphor Ventures Inc., and De Beers Canada Inc. The relinquished leases do not include the Doyle diamond-bearing kimberlite sill which is 100% owned by the Company.

(b) 8 Fishback Lake claims (16,260 acres) were allowed to lapse and the related costs of $402,375 were written off.

(c) 19 Providence Greenstone Belt claims (39,357 acres) were allowed to lapse and the related costs of $171,555 were written off.

(d) the Company signed an exploration and option agreement on 73 of its 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 $25,000 to date.

<u>Related Party Transactions</u>

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).

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.

Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

In order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's common shares are listed on the TSX Venture Exchange ("TSX-V"). The TSX-V's policies impose certain minimum capital requirements upon the Company. Due to current market conditions, the TSX-V is granting temporary relief from certain policy requirements on a case by case basis to listed issuers which are facing conditions of immediate or imminent financial hardship. The temporary relief period will expire September 30, 2009. The Company applied to the TSX-V and received temporary relief from the minimum six month working capital requirement.

Critical Accounting Policies

New accounting policies were introduced in 2009.

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.

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.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with May 31, 2009. Financial information is prepared according to GAAP and is reported in Canadian $.

Quarter Ended:	**May 31, 2009 ($)**	**February 28, 2009 ($)**	**November 30, 2008 ($)**	**August 31, 2008 ($)**	**May 31, 2008 ($)**	**February 29, 2008 ($)**	**November 30, 2007 ($)**	**August 31, 2007 ($)**
Total Revenues[1]	645	230,452	14,681	8,440	21,144	32,283	23,805	15,893
Net Income (Loss)[2]	(1,654,476)	(197,767)	(176,302)	359,815	(1,463,445)	615,021	(374,273)	(1,923,243)
Net income (loss) per share[2]	(0.011)	(0.001)	(0.000)	0.003	(0.011)	0.005	(0.003)	(0.016)

Note:

(1) The Company does not have any revenues, it earns interest income and has gains (losses) from the sale of property and equipment.
(2) 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 2009, 2008 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 year, management decides which properties will be retained and which properties will be abandoned based on results from work performed during the field season and the analysis of sample assays. Properties that will be abandoned are written off when management makes its decision to cease any further work (usually in the third and fourth quarters) which will increase the Net Loss.

Liquidity and Capital Resources

The Company does not have operating revenues and must finance its exploration activity by raising funds through joint ventures or equity financing. The exploration and subsequent development of the Company's properties depend on the Company's ability to obtain required financing. There is no assurance that additional funding will be available to allow the Company to fully explore its existing properties. The Company requires sufficient funds to complete further exploration work (see Management of Capital). Failure to obtain financing could result in delays or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in certain properties.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its unproven mineral interests (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral interests 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 its 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 a working capital deficiency at May 31, 2009, of $124,074 compared with a working capital deficiency of $216,841 as at November 30, 2008. The working capital deficiency would have been greater if the Company had not sold its Yellowknife House at the end of January 2009 for $405,000 and signed a non-exclusive licence agreement for the use of its Slave Geological Province data set for diamond exploration for $100,000.

The Company's current liabilities exceeded its current assets at period end due to the lack of financing available during the period. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

For the six months ended May 31, 2009, the Company recorded negative cash flow of $110,395 (2008 - $423,053) (before allowing for changes in non-cash operating working capital balances) from operating activities. Changes in operating activities resulted primarily from decreases in administration costs such as office services and expenses, licences, taxes and insurance, shareholders' meetings and reports, legal and audit and consulting fees. (See Overall performance/results of operations for further information.)

The Company's cash position as at May 31, 2009 was $188,731 (November 30, 2008 - $332,665). The decrease in cash position compared to November 30, 2008 was due principally to the lack of financing during the period.

During the period ended May 31, 2009, the Company has 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		

See Note 4 of the Consolidated Financial Statements for May 31, 2009.

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.

Outstanding Share data as at July 27, 2009:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	144,607,025

(b) Summary of options outstanding:

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**		

(c) Summary of warrants outstanding.

Security	Number	Exercise Price	Expiry Date
Warrants	2,855,000	$0.30/$0.40	Aug 13, 2010
Warrants	20,000	$0.30/$0.40	Aug 13, 2010
Total	**2,875,000**		

(d) There are no escrowed or pooled shares.

Other Information

The Company's web site address is www.ggldiamond.ca. 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. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "advance", "expects", "plans", "anticipates", "believes", "intends", "allocated", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could", "should" or are "subject to" occur. 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 the 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. Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. The Company undertakes no obligation to update these forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change.

BY ORDER OF THE BOARD

"Raymond A. Hrkac"

Raymond A. Hrkac
President and CEO

"Nick DeMare"

Nick DeMare
Director and CFO