



GGL RESOURCES CORP.

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2011

(UNAUDITED)

**MANAGEMENT'S COMMENTS ON UNAUDITED CONSOLIDATED
FINANCIAL STATEMENTS**

***NOTICE:** The Company's external auditors have not reviewed the attached unaudited interim Consolidated Financial Statements of GGL Resources Corp. for the period ended May 31, 2011.*

GGL RESOURCES CORP.

Consolidated Balance Sheets as at

	May 31, 2011 <u>(Unaudited)</u>	November 30, 2010 <u>(Audited)</u>
ASSETS		
Current		
Cash	\$ 214,790	\$ 184,680
Amounts receivable	112,920	90,899
Prepaid expenses	3,457	3,316
	331,167	278,895
Unproven mineral interests (Note 3)	13,922,721	15,903,671
Property and equipment (Note 4)	180,111	198,508
	\$ 14,433,999	\$ 16,381,074
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 676,042	\$ 500,036
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	35,668,860	35,668,860
Contributed surplus (Note 7)	4,133,619	4,133,619
Deficit	(26,044,522)	(23,921,441)
	13,757,957	15,881,038
	\$ 14,433,999	\$ 16,381,074

Subsequent Events (Note 13)

On behalf of the Board:

“Raymond A. Hrkac”
Raymond A. Hrkac, Director

“Nick DeMare”
Nick DeMare, Director

GGL RESOURCES CORP.

Consolidated Statements of Operations and Deficit
(Unaudited)

	For the three months ended		For the six months ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Expenses				
Amortization	\$ 246	\$ 379	\$ 492	\$ 758
Consulting fees	9,375	23,438	29,883	56,251
Corporate relations	775	1,010	775	1,010
Exploration costs - general	33,135	22,093	55,468	38,963
Legal and audit	(1,856)	1,666	144	(371)
Licences, taxes, insurance and fees	896	1,138	10,493	10,122
Office services and expenses	24,702	23,533	46,025	47,362
Shareholders' meetings and reports	570	859	1,000	1,615
Travel	-	81	70	690
Operating loss	(67,843)	(74,197)	(144,350)	(156,400)
Other income (loss)				
Interest income	(280)	145	215	152
Foreign exchange gain (loss)	-	55	(2)	(152)
Gain on sale of property and equipment	-	1,479	-	1,479
Interest expense	(220)	(501)	(439)	(693)
Operator's fee	39,155	37,894	40,240	41,705
Write off of exploration and unproven mineral interests	(1,987,408)	(606,508)	(2,018,745)	(746,686)
	(1,948,753)	(567,436)	(1,978,731)	(704,195)
Net loss and comprehensive loss for the period	(2,016,596)	(641,633)	(2,123,081)	(860,595)
Deficit, beginning of period	(24,027,926)	(22,994,762)	(23,921,441)	(22,775,800)
Deficit, end of period	\$ (26,044,522)	\$ (23,636,395)	\$ (26,044,522)	\$ (23,636,395)
Loss per share - basic and diluted	\$ (0.013)	\$ (0.004)	\$ (0.014)	\$ (0.006)
Weighted average number of common shares outstanding				
- basic and diluted	153,423,693	150,423,693	153,423,693	150,423,693

Please see the notes accompanying these financial statements.

GGL RESOURCES CORP.Consolidated Statements of Cash Flows
(Unaudited)

	For the three months ended		For the six months ended	
	May 31, 2011	May 31, 2010	May 31, 2011	May 31, 2010
Cash flows used in operating activities				
Net loss and comprehensive loss for the period	\$ (2,016,596)	\$ (641,633)	\$ (2,123,081)	\$ (860,595)
Adjustment for items not involving cash:				
- amortization of property and equipment	246	379	492	758
- amortization of exploration property and equipment	9,841	9,212	19,521	18,802
- gain on sale of property and equipment	-	(1,479)	-	(1,479)
- write off of exploration and unproven mineral interests	1,987,408	606,508	2,018,745	746,686
	(19,101)	(27,013)	(84,323)	(95,828)
Change in non-cash working capital items:				
- amounts receivable	(59,921)	(314,574)	(22,021)	(321,154)
- prepaid expenses	87	923	(141)	886
- accounts payable and accrued liabilities	89,595	328,001	122,991	359,404
	10,660	(12,663)	16,506	(56,692)
Cash flows from financing activities	-	-	-	-
Cash flows provided by (used in) investing activities				
Additions to deferred exploration costs	43,975	(53,224)	15,220	(59,286)
Proceeds from sale of property and equipment	-	4,000	-	4,000
Purchase of equipment	(1,616)	-	(1,616)	-
	42,359	(49,224)	13,604	(55,286)
Increase (decrease) in cash	53,019	(61,887)	30,110	(111,978)
Cash, beginning of period	161,771	112,871	184,680	162,962
Cash, end of period	\$ 214,790	\$ 50,984	\$ 214,790	\$ 50,984

See Note 11 Supplementary Cash Flow Information.

Please see the notes accompanying these financial statements.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
May 31, 2011
(Unaudited)

These notes should be read in conjunction with the Audited Consolidated Financial Statements for the year ended November 30, 2010.

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.

The Company intends to continue its exploration programs. In light of negative cash flows from operating activities, operating losses accrued in the past years of \$26,044,522 and a negative working capital, the Company's ability to continue its exploration programs is dependent on its ability to secure additional financing. 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 as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Adoption of New Accounting Policies

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.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
 May 31, 2011
 (Unaudited)

3. Unproven Mineral Interests

	Balance November 30, 2010	2011 Mineral interests additions	2011 Exploration cost additions	2011 Written off	Balance May 31, 2011
Doyle Lake	\$ 1,236,584	\$ -	\$ 16,062	\$ -	\$ 1,252,646
Fishback Lake	813,532	-	3,123	(117,140)	699,515
CH	6,428,431	-	18,504	(1,260,030)	5,186,905
Providence Greenstone Belt	4,570,971	-	(1,847)*	(641,575)	3,927,549
McConnell Creek	2,854,153	-	1,953	-	2,856,106
	\$ 15,903,671	\$ -	\$ 37,795	\$(2,018,745)	\$ 13,922,721

* See Note 3(d)

	Balance November 30, 2010	2011 Additions	2011 Written off	Balance May 31, 2011
Unproven mineral interests	\$ 481,199	\$ -	\$ (57,892)	\$ 423,307
Deferred exploration costs	15,422,472	37,795	(1,960,853)	13,499,414
	\$ 15,903,671	\$ 37,795	\$ (2,018,745)	\$ 13,922,721

Exploration costs incurred during the six months ended:

	May 31, 2011	May 31, 2010
Licences, recording fees and lease payments	\$ 23,774	\$ 18,548
Project supplies	(27,910)	(49,362)
Salaries and wages	649	716
Sampling	-	636
Technical and professional services	49,013	53,310
Transportation	(7,731)	624
	\$ 37,795	\$ 24,472

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
May 31, 2011
(Unaudited)

3. Unproven Mineral Interests, continued

(a) Doyle Lake, Northwest Territories, Canada

- (i) Under the De Beers Agreement (“the Agreement”) dated May 25, 1995, De Beers Canada Inc. has earned a 60% interest in the Doyle Lake Properties, which consist of 5 claims and 3 fractional claims (12,972 acres); and
- (ii) in addition, the Company holds 17 claims (16,131 acres) in the Doyle Lake area that are not subject to the Agreement. 16 of these claims are leases.

(b) Fishback Lake, Northwest Territories, Canada

The Company owns 5 claims (10,718 acres). One of these claims is a mining lease and one claim was taken to lease during the period (surveying and approval from the Mining Recorder to follow).

During the period, one claim (1,808 acres) was allowed to lapse and the related costs of \$117,140 were written off.

(c) CH, Northwest Territories, Canada

- (i) 39 of these claims are subject to a February 11, 2009 exploration and option agreement with Rio Tinto Exploration Canada Inc. (“RIO”). 23 of these claims have been taken to lease (see Note 13 (a)). During the period, RIO applied to take 6 additional claims to lease subject to surveying and Mining Recorder approval. RIO 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 received the first payment of \$25,000 in 2009; and
- (ii) in addition the Company holds 43 claims (83,913 acres). See Note 13 (b).

During the period, 21 claims (50,057 acres) were allowed to lapse and the related costs of \$1,260,030 were written off.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
May 31, 2011
(Unaudited)

3. Unproven Mineral Interests, continued

(d) Providence Greenstone Belt, Northwest Territories, Canada

The Company owns 90 claims (201,011 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, 16 claims (33,161 acres) were allowed to lapse and the related costs of \$641,575 were written off.

During the period, the Company sold some of its fuel inventory and rented out its camp for \$38,625.

(e) McConnell Creek, British Columbia, Canada

The Company owns 2 mineral tenures (4,878 hectares) in the Omineca Mining Division of British Columbia.

4. Property and Equipment

	May 31, 2011		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	\$ 665,575	\$ 499,346	\$ 166,229
Office furniture and fixtures	58,953	45,071	13,882
	\$ 724,528	\$ 544,417	\$ 180,111
	November 30, 2010		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	\$ 663,959	\$ 480,875	\$183,084
Office furniture and fixtures	58,953	43,529	15,424
	\$ 722,912	\$ 524,404	\$ 198,508

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
May 31, 2011
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5. Share Capital

- (a) Authorized: unlimited common shares without par value;
- (b) 153,423,693 common shares issued (no changes during the period);
- (c) During the period ended May 31, 2011, 1,230,000 stock options expired unexercised;
- (d) At May 31, 2011, the Company had the following share purchase warrants outstanding:

<u>Number of warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
888,000	\$0.20/ \$0.30	Aug. 20, 2012
3,000,000	\$0.10	Sept. 17, 2012
<u>1,310,334</u>	<u>\$0.20/ \$0.30</u>	<u>Sept. 21, 2012</u>
<u>5,198,334</u>		

No changes in warrants during the period ended May 31, 2011.

6. Stock Options

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. Awarded stock options are exercisable over a period not exceeding five years at exercise prices determined by the Board of Directors.

Under this plan, the number of shares available for grant increases as the issued capital of the Company increases.

Stock options outstanding as at May 31, 2011:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Options outstanding as at Nov. 30, 2010	13,885,000	\$0.19
Expired	(1,230,000)	0.22
Options outstanding as at May 31, 2011	12,655,000	\$0.19

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Notes to Consolidated Financial Statements
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6. Stock Options, continued

	Shares	Weighted Average Exercise Price	
2011 options exercisable	12,655,000	\$0.19	
2010 options exercisable	13,633,333	\$0.22	
		2011	2010
Weighted average remaining contractual life		2.28 years	2.81 years
Weighted average fair value of options granted during the period		N/A	N/A

7. Contributed Surplus

Contributed surplus for May 31, 2011 and 2010 is comprised of:

	2011	2010
Balance, beginning and end of the period	\$ 4,133,619	\$ 4,094,639

No changes in contributed surplus during the six months ended May 31, 2011 and 2010.

8. Related Party Transactions

During the six months ended May 31, 2011, the Company was billed \$75,000 (May 31, 2010 - \$75,000) by a director/officer, including \$29,883 (May 31, 2010 - \$56,250) for consulting fees and \$45,117 (May 31, 2010 - \$18,750) for technical and professional services. Included in the May 31, 2011 accounts payable is \$410,500 (May 31, 2010 - \$282,447) owed by the Company to the director/officer. Transactions with related parties are measured at the exchange amount which is the amount agreed to by transacting parties.

9. 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, 2011 and 2010.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements

May 31, 2011

(Unaudited)

10. Financial Instruments and Risk Management

Fair value estimates of financial instruments are made at the balance sheet date, based on relevant market information and other information about the financial instruments.

The Company's activities potentially expose it to a variety of financial risks, including credit risk, foreign exchange risk (currency), interest rate risk, and liquidity risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and amounts receivable. The maximum credit risk represented by the Company's financial assets is represented by their carrying amounts. The Company deposits the majority of its cash with high credit quality financial institutions in Canada.

Currency risk

The Company operates in Canada and transacts business with foreign vendors and is therefore exposed to foreign exchange risk arising from transactions denominated in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company is not exposed to interest rate risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Company manages liquidity by monitoring carefully its operating requirements.

11. Supplementary Cash Flow Information

Non-cash operating, financing, and investing activities were conducted by the Company during the periods ended May 31, 2011 and 2010 as follows:

	<u>2011</u>	<u>2010</u>
Operating activities		
Accounts payable for deferred exploration costs	\$ <u>260,304</u>	\$ <u>208,017</u>
Financing activities	\$ <u>-</u>	\$ <u>-</u>
Investing activities		
Accounts payable for deferred exploration costs	\$ <u>(260,304)</u>	\$ <u>(208,017)</u>

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
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(Unaudited)

11. Supplementary Cash Flow Information, continued

Other supplementary cash flow information:

Cash paid for interest charges	\$ <u>439</u>	\$ <u>693</u>
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>

12. 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 dividends.

13. Subsequent Events

Subsequent to May 31, 2011:

- (a) RIO received Mining Recorder approval to convert 23 CH claims to leases and has signed and returned the lease agreements to the Mining Recorder for filing; and
- (b) the Company applied to take 10 CH claims to lease, subject to surveying and Mining Recorder approval.