GGL RESOURCES CORP.

# MANAGEMENT'S DISCUSSION AND ANALYSIS (“MD&A”) OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED MAY 31, 2015

**Report date: July 28, 2015**

# GGL RESOURCES CORP.

## Management's Discussion and Analysis

### FOR THE SIX MONTHS ENDED MAY 31, 2015
### INFORMATION AS OF JULY 28, 2015 UNLESS OTHERWISE STATED

The following discussion of the results and financial position of the Company for the six months ended May 31, 2015 should be read in conjunction with the May 31, 2015 Consolidated Interim Financial Statements and the November 30, 2014 Audited Consolidated Financial Statements and related notes. The Company adopted International Financial Reporting Standards ("IFRS") and the following disclosure and associated financial statements are presented in accordance with IFRS. All comparative information provided is in accordance with IFRS. Except as otherwise disclosed, all dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at *www.sedar.com*. The information reported here includes events taking place subsequent to the end of the period, up to and including July 28, 2015.

**Company Overview**

As at May 31, 2015, the Company has a working capital deficiency of $641,762 (November 30, 2014 - $547,272 and a deficit of $38,741,965 (November 30, 2014 - $38,459,912). The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain the necessary financing to develop properties and to establish future profitable production. To date the Company has not earned any revenues and is considered to be in the exploration stage. The Company's operations are funded primarily from equity financings which are dependent upon many external factors and it may be difficult to impossible to secure or raise additional funds when required. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

The Company will continue to require additional funding to maintain its ongoing exploration programs, property maintenance payments and operations and administration for the next fiscal year. The Company also recognizes that exploration expenditures may change with ongoing results and, as a result, it may be required to obtain additional financing. In light of negative cash flows from operating activities, operating losses accrued in the past years and a working capital deficiency, the Company's ability to continue its exploration programs is dependent on its ability to secure additional financing. The Company intends to continue its exploration programs. Management is actively pursuing such additional sources of financing. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future.

**Discussion and Analysis**

Our April 27, 2015 Quarterly Report Management's Discussion and Analysis reported on progress made including the granting of five-year exploration permits for the PGB Project Area, the CH Project Area and the Fishback Project Area, all in the Northwest Territories of Canada, and the mineral discoveries within these areas.

We also discussed the four Mineral Leases ("Leases") returned to GGL Resources Corp. ("GGL") by De Beers Canada Exploration Inc. which are adjacent to the mineral leases that contain the Gahcho Kue Diamond Mine now under construction. These Leases are considered prime exploration areas for diamond exploration. We are reviewing the historical exploration work completed on these Leases (part of the "Doyle Project") since 1994 by GGL and then by the former De Beers/GGL joint venture, and are encouraged that a modest amount of additional exploration work may well define drill targets. GGL will need to apply for and obtain a work permit before exploration can begin.

GGL has continued negotiating with both companies and individuals to find a way forward to continue exploration, for the benefit of the Company and its shareholders, in this most difficult of times as we see commodity prices continue to decline and watch as the TSX Venture Exchange Index falls to new lows. At the moment one of our possibilities in this regard is showing promise of leading to a solution. We have received enquiries asking if GGL would consider the sale of part or all of our diamond exploration assets. We have resisted these enquiries as we believe that maintaining all of our gold, VMS, copper porphyry, and diamond properties intact would lead to the best outcome for the Company.

**Limited Operating History: Losses**

The Company has experienced, on a consolidated basis, losses in all years of its operations and expects to incur losses for the foreseeable future. There can be no assurance that the Company will operate profitably in the future, if at all. As at May 31, 2015, the Company's deficit was $38,741,965.

**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. During the six-month period ended May 31, 2015, the price of the Company's common shares fluctuated from a high of $0.055 to a low of $0.015 (52 week high and low for the period ended July 28, 2015 was $0.10 and $0.015). There can be no assurance that continual fluctuations in price will not occur.

**Shares Reserved for Future Issuance: Dilution**

As at July 28, 2015 there were 2,230,000 share purchase warrants outstanding pursuant to which a total of 2,230,000 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**

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 a fixed number stock option plan, 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. Awarded stock options are exercisable over a period not exceeding five years at exercise prices determined by the Board of Directors based on the most recent trading prices and subject to the TSX Venture Exchange policies.

**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.gglresourcescorp.com.

**Overall performance/results of operations**

**Period ended May 31, 2015 compared to the period ended May 31, 2014**

As at May 31, 2015, the Company had incurred exploration costs on mineral properties of $21,014 (May 31, 2014 - $(114,748)): licences, recording fees and lease payments $15,807 (2014 - $9,583); project supplies of $438 (2014 - $669); salaries and wages $341 (2014 - $nil); and technical and professional services $4,428 (2014-$(125,000)). Compared to May 31, 2014, exploration costs for the period ended May 31, 2015 are higher for licences, recording fees and lease payments, salaries and wages and technical and professional services and lower for project supplies. The increase in 2015 of $135,762 (118%) was primarily for payments of extension deposits to maintain some claims that were about to expire due to lack of work performed in previous years. If there was no recovery of technical and professional services of $125,000 in 2014, the difference would be only $10,762.

On a per project basis, the $21,014 of exploration costs were as follows: $5,833 on the Doyle Lake project; $1,869 on the CH project; $2,332 on the Fishback Lake property; $10,997 on the Providence Greenstone Belt and $(17) on the McConnell Creek property (the $17 is the British Columbia Mineral Exploration Tax Credit for 2014).

The Company reported a net loss of $282,053 for the period ended May 31, 2015 compared to a net loss of $(112,724) for the period ended May 31, 2014 (an increase of 150% from 2014 to 2015). General administration and exploration expenses for the period ended May 31, 2015 were $79,977 compared to $81,926 for the period ended May 31, 2014 (a decrease of 2.4% from 2014 to 2015). The change in general administration and exploration expenses was due to a decrease in the following expenditures during the period: depreciation $102 (2014-$252); general exploration costs $9,954 (2014-$15,439) licences, taxes, insurance and fees $14,736 (2014-$14,737); legal and audit $786 (2014-$ 1,007); and shareholders' meetings and reports $463 (2014-$1,375). Offsetting the decreases were the following increases in 2015: office services and expenses $40,858 (2014-$36,219); and travel $578 (2014-$397).

General exploration costs for 2014 were higher than 2015 due to data recovery costs for the server and higher depreciation costs incurred in 2014.

Legal and audit costs for 2015 were slightly lower for legal fees and the preparation of the 2014 tax return.

Office services and expenses were higher in 2015 due to an increase in administrative costs for the co-ordinating and filing of three land use permit applications.

Shareholders' meetings and reports costs for 2015 were lower due to fewer press releases issued during the period.

Revenue for the period ended May 31, 2015 was $234 (May 31, 2014-$372) of interest income.

**Acquisition and Disposition of Resource Properties and Write offs**

During the period ended May 31, 2015, the Company allowed five PGB claims (5,225 hectares) to lapse and the related costs of $194,680 were written off.

**Property and Equipment**

During the period, the Company disposed of some obsolete and/or broken down office furniture and exploration equipment and machinery and the related costs of $7,308 were written off.

**Related Party Disclosures**

In accordance with IAS 24, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any directors (executive and non-executive) of the Company.

There are debts owing to two related parties, one being Mr. Ray Hrkac, a director and an officer and the other being Mr. Chris Hrkac, the son of Mr. Ray Hrkac, and a consultant who has provided services to the Company. The debt to related parties is a current liability and is past due. The debts are non-interest bearing.

| May 31, 2015 | Consulting Fees | Technical and professional services | Consulting Fees Payable |
|---|---|---|---|
| Management | $ 12,500 | $ - | $ 489,085 |
| Non-management | - | 5,915 | 161,554 |
| Total | $ 12,500 | $ 5,915 | $ 650,639 |

| May 31, 2014 | Consulting Fees | Technical and professional services | Consulting Fees Payable |
|---|---|---|---|
| Management | $ 12,500 | $ - | $ 485,276 |
| Non-management | - | $ - | $ 146,725 |
| Total | $ 12,500 | $ - | $ 632,001 |

**Commitments**

The Company has no commitments. Its office space was rented on a month to month basis to June 30, 2015. The Company moved out of its head office in downtown Vancouver after 34 years of being in the same building. Currently the Company is looking for new office space. Mail can be delivered c/o suite 1305, 1090 West Georgia Street, Vancouver, BC V6E 3V7.

**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 exploration and evaluation assets 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. 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.

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

**Critical Accounting Policies**

The preparation of financial statements in conformity to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Examples of significant estimates made by management include the determination of recoverability of amounts capitalized to exploration and evaluation assets, property and equipment lives, estimating the fair values of financial instruments, impairment of long-lived assets, reclamation and rehabilitation provisions, valuation allowances for future income tax assets and the valuation of share-based payments. Actual results may differ from those estimates.

Please see Notes 2, 3 and 14 of the audited consolidated financial statements for the year ended November 30, 2014 for a current listing of accounting policies followed by the Company.

**Changes in Accounting Policies**

No changes in accounting policies during the period.

**Significant Accounting Policies Not Yet Adopted**

The following accounting standards have been issued, but are not effective until annual periods beginning on or after January 1, 2017, unless otherwise indicated, earlier application is permitted. As at the date of these consolidated financial statements, the following standards have not been applied in these consolidated financial statements.

(i) IFRS 9 *Financial Instruments:* This standard partially replaces IAS 39 – Financial Instruments: Recognition and Measurement. IFRS 9 measures financial assets, after initial recognition, at either amortized cost or fair value. Existing IAS 39 classifies financial assets into four measurement categories. The standard is effective for annual periods beginning on or after January 1, 2018. In the year of adoption, the Company is required to provide additional disclosures relating to the reclassified financial assets and liabilities.

(ii) IFRS *15 Revenue from contracts with customers:* IFRS 15 is effective for annual periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requires entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18, Revenue, IAS 11, Construction Contracts, and a number of revenue related interpretations. The new standard will apply to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

Management is currently assessing the impact of these new standards on the Company's accounting policies and financial statement presentation.

**Summary of Quarterly Information**

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with May 31, 2015. Figures are reported in Canadian $.

| **Quarter Ended:** | **May 31, 2015 ($)** | **February 28, 2015 ($)** | **November 30, 2014 ($)** | **August 31, 2014 ($)** | **May 31, 2014 ($)** | **February 28, 2014 ($)** | **November 30, 2013 ($)** | **August 31, 2013 ($)** |
|---|---|---|---|---|---|---|---|---|
| Total Revenue(1) | 105 | 129 | 227,551 | 132 | 248 | 124 | 17,983 | 603 |
| Net Income (Loss)(2) | (238,856) | (43,197) | 790,764 | (686,936) | (54,187) | (58,537) | (104,511) | (1,315,735) |
| Net income (loss) per share | (0.007) | (0.001) | 0.025 | (0.02) | (0.005) | (0.000) | (0.005) | (0.040) |

Note:

(1) For the period ended May 31, 2015, revenue is comprised of $234 of interest income. In 2014, revenue is comprised of $634 of interest income and $227,421 from the sale of 4 Doyle mineral leases. In 2013, revenue is comprised of $1,424 of interest income and $217,499 from the sale of exploration and evaluation assets.
(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 2015, 2014 or 2013. Fully diluted earnings (loss) per share is not presented as the exercise of warrants and stock options would be anti-dilutive.

During the year, management decides which exploration and evaluation assets will be retained and which exploration and evaluation assets 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, which will increase the Net Loss.

**Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.

**Proposed Transactions**

The Company has no proposed transactions.

**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 exploration and evaluation assets. 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 exploration and evaluation assets.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its exploration and evaluation assets (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.

As at May 31, 2015, included in current liabilities are consulting fees payable of $650,639 owed to related parties for consulting and technical and professional fees (November 30, 2014 -$657,253). See Related Party Disclosures.

The Company had a working capital deficiency of $641,762 at May 31, 2015 compared with a deficiency of $547,272 at November 30, 2014. The Company's current liabilities exceeded its current assets at May 31, 2015 and November 30, 2014.

For the period ended May 31, 2015, the Company experienced negative cash flows of $73,476 (November 30, 2014 - $43,923 negative cash flow) (before allowing for changes in non-cash operating working capital balances) from operating activities. Changes in operating activities resulted primarily from expenses exceeding income during the period ended May 31, 2015. (See Overall performance/results of operations for further information.)

The Company's cash position as at May 31, 2015 was $41,963 (November 30, 2014 - $38,706). The increase in cash position compared November 30, 2014 was due to the receipt of $300,000 of amounts receivable from November 30, 2014.

## Share Capital

There were no changes in share capital during the period ended May 31, 2015.

See Notes 8 and 9 of the consolidated interim financial statements for the period ended May 31, 2015.

## Events After the Reporting Period:

Subsequent to May 31, 2015:

(a) 151,000 stock options expired unexercised;

(b) On July 22, 2015 the Company announced that it will undertake a non-brokered private placement financing of up to 20.5 million units, at a price of $0.02 per unit, to raise gross proceeds of up to $410,000. Each unit comprises one common share and one-half of one share purchase warrant, with each whole warrant entitling the holder to purchase an additional common share for a term of three years from the closing date at a price of $0.05 per share. Insiders will be participating in this financing. All securities issued will be subject to a four month hold from date of closing. For further information refer to the July 22, 2015 news release which can be found on www.sedar.com and the Company's website www.gglresourcescorp.com.; and

(c) The Company moved out of its head office in downtown Vancouver after 34 years of being in the same building. Currently the Company is looking for new office space. Mail can be delivered c/o suite 1305, 1090 West Georgia Street, Vancouver, BC V6E 3V7.

## Outstanding Share data as at July 28, 2015:

(a) Authorized and issued share capital:

| Class | Par Value | Authorized | Issued (Number of shares) |
|---|---|---|---|
| Common | No par value | Unlimited | 33,234,738 |

(b) No options outstanding.

(c) Summary of warrants outstanding:

| Security | Number | Exercise Price | Expiry Date |
|---|---|---|---|
| Warrants | 240,000 | $0.50 | January 24, 2016 |
| Warrants | 480,000 | $0.50 | August 17, 2017 |
| Warrants | 1,510,000 | $0.50 | May 8, 2018 |
| **Total** | **2,230,000** | | |

## Other Information

The Company's web site address is www.gglresourcescorp.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. 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”* | *“Nick DeMare”* |
| Raymond A. Hrkac | Nick DeMare |
| President and CEO | Director and CFO |