GGL DIAMOND CORP.

Management Discussion and Analysis
(Form 51-102F1)

FOR THE NINE MONTHS ENDED AUGUST 31, 2005
INFORMATION AS OF OCTOBER 27, 2005 UNLESS OTHERWISE STATED

The following discussion of the results and financial position of the Company for the nine months ended August 31, 2005 should be read in conjunction with the information provided in the 2004 Annual Report of the Company and the Quarterly Report for the periods ended February 28, 2005 and May 31, 2005. The material herein, as of this 27th day of October 2005, updates the information contained in the MD&As' of those Reports.

DIAMOND EXPLORATION, SLAVE CRATON, NORTHWEST TERRITORIES, CANADA

DOYLE LAKE PROJECT, SOUTHEAST SLAVE CRATON

Doyle Sill, GGL 100% owned mineral claims

The main thrust of this year's exploration was to take a mini-bulk sample of 20 to 40 tonnes from the Doyle diamondiferous kimberlite sill. During the period July 25 to August 23, despite unusually wet weather conditions, a small crew of experienced underground and surface miners, under the direction of Judy Stoeterau, P. Geol., exceeded our expectations and was able to take approximately 45 tonnes of kimberlite. Processing of this sample is expected to begin in November/December of this year. (Note: a sample of less than 100 tonnes is considered a "mini-bulk" sample.)

One pit was excavated from surface to take the sample, through 4.0 metres of overburden (sand, clay and boulders), and 1.0 to 3.0 metres of granite, which lay on top of the 3.8 metre thick kimberlite sill. The kimberlite is hypabyssal and varies in color from light blue and green to blue/black. Calcite veining marks the contacts with the host granite. Dominant minerals include olivine, garnet, and ilmenite.

The Doyle sill was also tested this summer by six diamond drill holes and is now known to extend 820 metres down dip, making the present known dimensions of the kimberlite sill at least two kilometres along a northeast strike and 820 metres down dip to the northwest; the average thickness is estimated at 2.0 metres.

Two other discreet targets were also drilled. The first target east of the sill tested the down-dip extension of known "kimberlitic muds" encountered in the 2003 drill program. The drill hole intersected 0.49 metres of kimberlite and suggests the presence of a parallel kimberlite body beneath the Doyle sill that could be an important development requiring further exploration.

The results from the mini-bulk sample will play an important role in determining the scope and direction of the next exploration program. In anticipation of a winter drill program, the diamond drill has been left at Doyle.

The 100% owned Doyle claims contain the LA 1 to 3 and the LA 10 to 30 mineral claims (claims LA 4 to 9 remain in the Joint Venture with De Beers Canada Inc.). All of the LA 1 to 25 mineral claims have been taken to lease, while the LA 25 to 30 mineral claims remain in good standing and will be taken to lease at the appropriate time.

Doyle Leases, 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. To date, De Beers has spent $7.5 million on these claims. De Beers has retained the LA 4 to LA 9 claims inclusive and the fractional claims Extra 2 to Extra 4 inclusive (the "Doyle Leases"), while the remaining LA claims were returned 100% to GGL**.**

De Beers is required to maintain responsibility for a portion of the land occupied by the leases under its permits for the evaluation of the Gahcho Kue diamond deposit and at this time, does not plan to proceed with exploration on these leases. GGL believes there is room for exploration without detriment to the permit areas and is hopeful that progress will be made over part of the leases in time for the winter/spring drill season.

Recent Property Acquisition, Doyle Project Area

At the time of this report, GGL has received from De Beers and is now evaluating the digital data for the exploration work completed on the 21 mining leases. The 21 mining leases (51,109 acres) were acquired from Mountain Province Diamonds Inc. (MPV), Camphor Ventures Inc., and De Beers Canada Inc., and 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 period payments to the NWT Mining Recorders Office; the first lease rental payment of $51,109 has been made.

Seventeen of the acquired leases extend approximately 15 km west and 8 km north of the adjoining LA 1 mineral lease of GGL's 100% owned property. Two of the acquired leases are centered 5 km north of the Kennady Lake diamond-bearing kimberlite pipes being evaluated for production (by De Beers), and adjoin the leases containing them. The last two acquired leases are north of and adjoin the leases containing the diamondiferous Kelvin and Faraday kimberlite bodies. GGL believes that all of the acquired leases have exploration potential to find new kimberlites.

It is significant that the acquired leases contain the MZ Lake kimberlite sills (shallow dipping sheet-like kimberlite bodies), four of which have already been established as being diamondiferous. One of the kimberlite sills, Sill-73, appears to extend for at least one kilometre along strike. The thickness of drilled kimberlite intersections varies from 7 cm to 2.19 m with the largest combined kimberlite intersection in one hole being 3.49 m, between 14.66 m and 19 m from surface.

In drill hole MPV-01-73, 28 microdiamonds were recovered from just five kg, a most encouraging result. GGL looks forward to continuing exploration in this area and evaluating the potential on the rest of the acquired leases.

Fishback Project, Southwest Slave Craton

The Company is pleased to report that indicator minerals recovered from the alteration encountered in drill hole FB-05-11 are kimberlite indicators and pyrope garnets; both G-9 and G-10 have been confirmed by analyses by electron microprobe. Evaluation of the indicator mineral results from the core and the chemical analyses of core from FB-05-11 and FB-05-12 is in progress.

The evidence gathered to date all support the presence of a kimberlite or kimberlites in this area and confirm the need to continue exploration of the property. The evidence includes kimberlite indicator minerals from heavy mineral samples taken from the shore, the alteration encountered in drill holes FB-05-11 and 12 and FB-05-10 (1.3 km from FB-05-11 and drilled last year), the granite breccia boulders which are similar to kimberlite induced breccia and in which a G-9 pyrope garnet was found, the lake sediment samples in Awry Lake (the "Big Hole"), and now the kimberlite indicators from the core of FB-05-11.

In September of this year, an additional 11 heavy mineral samples were collected and have been sent out for indicator mineral analysis.

The Fishback property, 100% owned by GGL, is only 65 kilometres northwest of Yellowknife resulting in significant savings in transportation costs for exploration.

Properties In The Central Slave Craton

Between August 27th and September 17, 2005, five targets were selected for drilling on the basis of indicator mineral trains and geophysical anomalies. One target was drilled on the Starfish properties and four targets drilled on the Zip property. The Starfish and Zip properties are part of the larger CH Project area, located 270 kilometers north northeast of Yellowknife.

On the Starfish property, vertical drill hole CH 05-013, testing a land-based magnetic anomaly, encountered mafic magnetic gneissic rocks within a rock assemblage of granites, gneisses and pegmatites. The magnetite content of the rocks explains the magnetic anomaly drilled.

On the Zip property, four targets were tested. The first was target ZI 03-A018, a geophysical anomaly in a lake up ice from a strong indicator mineral train. It was tested by a 45 degree-angle hole drilled from the shore of the lake to a depth of 161 m. The hole encountered metavolcanic rocks containing up to 25% of sulphides consisting of magnetic pyrrhotite, the likely cause of the geophysical anomaly.

The second target drilled on the Zip property was a large, approximately 250 m x 250 m, resistivity low anomaly within a deep lake, with good indicator mineral support leading to the lake shore. The attempt to drill this target, ZI 05-A181, with a 45 degree drill hole from shore was not successful as the drill was unable to deal with the thick amount of overburden and the hole was abandoned at 42.7 m without entering bedrock. A second attempt to drill this target, but with a vertical hole from the ice is planned for the winter season and the drill has been left near the site for this purpose.

The third target drilled, ZI 03-A062 at –45 degrees from shore under a lake encountered clay and massive pyrrhotite, explaining the geophysical anomaly but leaving the source of the indicator minerals open for further exploration

The fourth and last target drilled, ZI 05-A179, was targeted on a resistivity conductor at a break in a diabase dike; 27 metres of overburden was encountered in a vertical drill hole after the first attempt to drill an angle hole was abandoned in overburden due to the limitations of the drill. Bedrock consisted of dolomite overlying aplite. The clay rich overburden was the likely cause of the resistivity anomaly.

The Zip property has yielded samples containing large numbers of kimberlite indicator minerals with diamond stability field chemistry. The presence of sulphides within the metasediment and metavolcanic rocks in the area produces many geophysical anomalies. To determine the source of the indicator mineral samples, more detailed sampling is required. This fall an additional 37 samples were collected from the CH project area.

On the basis of results from indicator mineral sampling, drill targets have been identified on the Courageous, Seahorse/Shoe, Starfish, Zip, Winter Lake North, Winter Lake South and BP claim areas within the CH Project Area. The Company plans to continue drilling as funds permit and expects the next drill program to begin on or before March 2006. As noted, the diamond drill has been left on the Zip property in anticipation of continuing the drill program.

Gold Properties

McConnell Creek Gold/Copper Property, British Columbia, Canada

This 100% owned property was the first property acquired by the Company in 1981. Since that time the property has been explored by the Company and by two major mining companies. The last of these was Placer Dome in 1990. At that time the commodity markets were not strong and in 1992, the new NDP government discouraged the development of resources. Now times and politics have changed for the better and a fresh look at this property is warranted.

The property contains significant gold values within a favourable structure and geological setting. Gold indications along the shear structure in basic rocks flanked by granitic intrusives extend for 10 km. Mineral claims containing 4,454 hectares cover this area.

In 1991 Stan Hoffman, an experienced and well known consulting geochemist, recognized the significant copper potential of the McConnell property that was defined by soil geochemical surveys completed by Placer Dome in 1990. At that time, the poor price of copper precluded a follow up program. Now the demand for copper has increased and with it the value of copper, to such an extent that the copper potential of the property, which is separate from the gold potential, deserves a second look. The Company had archived the pulps from the Placer Dome samples which had only been run for six elements. This quarter, 1,596 of these samples were re-run at Acme Analytical Laboratories Ltd. The results are now being compiled and evaluated by consultant Paul W. Richardson, Ph.D., P. Eng.

Happy Creek Project

Nevada, U.S.A.

The Happy Creek epithermal gold-silver prospect is under option by the Company. In 1998 Meridian Gold Company completed a drill program on the property and returned the claims to GGL. Meridian had optioned the property on the basis of a fluid inclusion study completed on surface samples. The results of the fluid inclusion studies were highly favourable for gold deposition. The holes drilled by Meridian intersected the quartz zone at depth but as gold was not found, ended the program. Fluid inclusion studies of the quartz zones intersected in the drill holes were not done. This quarter the drill samples were taken from storage and sent out for fluid inclusion studies.

If the results from these studies continue to support gold deposition a deeper drill program will be required.

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 August 31, 2005, the Company's deficit was approximately $12,683,824.

Shares Reserved for Future Issuance: Dilution

As at August 31, 2005, there were 5,286,000 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.

Overall performance/results of operations

As at August 31, 2005, the Company had incurred exploration costs on mineral properties of $1,886,129 (drilling, sampling and excavating $549,807; licences and recording fees $108,220; salaries and wages $114,765; surveys $76,464; technical and professional services $303,529; transportation $82,860 and project supplies of $261,494). Exploration costs for the period ended August 31, 2005 are lower than 2004 by 5%. The majority of this decrease was for lower expenditures on chartered aircraft, surveys and transportation. The increase in licences and recording fees was for the filing of assessment work and payment of lease rental payments for Fishback and for the new claims acquired from Mountain Province diamonds Inc. Camphor Ventures Inc. and De Beers Canada Inc. Project supplies also increased significantly due to the higher cost of aviation fuel purchased in relationship to the usage of chartered aircraft during the field season.

On a per project basis, the Company spent the $1,886,129 exploration costs as follows: $ 664,404 on the CH project, $920,171 on the Doyle Lake project, $34,612 on the McConnell Creek, $7,485 on the Happy Creek Gold/Silver Property, and $259,457 on the Fishback Lake Property.

The Company reported a net loss of $432,210 for the period ended August 31, 2005 compared to a net loss of $784,301 for the period ended August 31, 2004 (a decrease of 45% from 2004 to 2005). A majority of the decrease is due to a decrease in stock based compensation (2005 - $64,867; 2004 - $405,333). Fewer options were granted and at a lower price during the period ended August 31, 2005 compared to 1,475,000 options granted at $0.50 per common share during the period ended August 31, 2004.

Revenue for the period ended August 31, 2005 was $17,378 consisting of interest income compared with $23,299 for the period ended August 31, 2004. The funds from 2004 were raised in the first quarter of the period and a majority of the funds from 2005 were raised in the second quarter.

Related Party Transactions

During the period ended August 31, 2005 the Company was billed a total of $73,238 by two directors for consulting fees and technical and professional services provided. For the period ended August 31, 2004 the Company was billed $72,947 for technical and professional services by one of the directors.

Commitments

Pursuant to an agreement dated March 1, 2001, the Company has agreed to pay its President and Chief Executive Officer up to $10,000 per month. Payment of the full amount of $10,000 per month is subject to a number of conditions precedent, none of which have been satisfied as of August 31, 2005. If the conditions precedent had been satisfied at August 31, 2005, the amount owing under the agreement would be approximately $194,670.

The Company has a mortgage loan on its Yellowknife house of approximately $45,682 ($31,529 is recorded as a long term debt), which becomes due on December 3, 2006.

The Company signed an one year lease for its head office in Vancouver, BC to February 2006. The balance of the commitment is approximately $9,078.

Auditors

Since the Company's last audit, the Company's auditors, Ellis Foster Chartered Accountants, have entered into a transaction with Ernst & Young LLP under which certain assets of Ellis Foster were sold to Ernst & Young and the professional staff and partners of Ellis Foster joined Ernst & Young either as employees or partners of Ernst & Young and carried on their practice as members of Ernst & Young and as a result Ernst & Young will appear as the Company's auditor of record on a going-forward basis.

Change in Accounting Policy

Income Taxes

During the nine months ended August 31, 2005, the Company issued 1,150,000 flow-through shares for gross proceeds of $230,000. Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. The renunciation of such expenditures is accounted for as a financing cost related to the flow-through issuance and results in a reduction in share capital with a corresponding increase in the Company's future tax liability.

The Company is permitted under Canadian income tax legislation to renounce flow-through related exploration expenditures to investors in advance of the Company incurring the expenditure. In accordance with this legislation the Company has twelve months following the effective date of renunciation to incur the expenditures. The Company begins incurring interest charges for unspent funds one month after the end of the calendar year following the effective date of renunciation and until all of the funds are fully expended.

As at August 31, 2005, the Company renounced the $230,000 flow-through related resource expenditures to investors. Monthly interest charges began to accrue on unspent funds at February 28, 2005. Interest charges incurred by the Company as a result of this income tax legislation are charged to income in the period incurred.

Subsequent Event

Subsequent to August 31, 2005, the Company completed a private placement for gross proceeds of $398,767 by way of a non-brokered placement of 2,044,961 units at $0.195 per unit. Each unit consists of one common share and one non-transferable warrant. One warrant entitles the holder to purchase one common share for a term of two years at $0.26 per share. The Company paid a finder's fee of $24,600 on a portion of the proceeds. The securities have a hold period expiring on November 28, 2005.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with August 31, 2005. Financial information is prepared according to GAAP and is reported in Canadian $

Quarter Ended:	August 31, 2005 ($)	May 31, 2005 ($)	February 28, 2005 ($)	November 30, 2004 ($)	August 31, 2004 ($)	May 31, 2004 ($)	February 29, 2004 ($)	November 30, 2003 ($)
Total Revenues	7,756	6,415	3,205	6,919	265	784	22,250	9,203
Net Income (Loss)	(137,931)	(173,226)	(121,053)	(459,963)	(95,136)	(436,210)	(252,955)	(635,294)
Net income (loss) per share	(0.002)	(0.002)	(0.002)	(0.008)	(0.001)	(0.007)	(0.004)	(0.01)

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 2004 or 2005. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

Liquidity and Capital Resources

The Company had working capital at August 31, 2005 of $1,081,158 compared with $1,431,745 as at August 31, 2004. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital. During the period ended August 31, 2005, the Company raised more funds than the same period in the prior year.

As at August 31, 2005 the Company had $31,529 of long-term debt (mortgage loan) outstanding.

For the period ended August 31, 2005, the Company experienced a negative cash flow of $428,347 (before allowing for changes in non-cash operating working capital balances) from operating activities. Changes in operating activities resulted primarily from an increase in administration costs such as shareholders' meetings and reports, consulting fees, legal and audit and office services and expenses (See Exploration and General and Administrative Expenditures for further information.)

The Company's cash position as at August 31, 2005 was $1,437,379. The increase in cash position compared to August 31, 2004 was due principally to more financing raised during the period ended August 31, 2005. See Note 2 – Share Capital in the Notes to the Consolidated Financial Statements.

During the period ended August 31, 2005, the Company:

(i) completed a private placement of 1,150,000 common shares at $0.20 per common share for gross proceeds of $230,000. All of the proceeds from these flow-through shares have been spent on Canadian Exploration Expenses ("CEE").

(ii) completed a private placement of 4,150,000 units at $0.20 per unit for gross proceeds of $830,000 and paid a cash finders fee of $32,000. Each unit consists of one common share and one-half of a share purchase warrant. One whole share purchase warrant is exercisable at $0.25 per common share the first year and at $0.30 per common share during the second year.

(iii) completed a private placement of 7,777,778 units at $0.18 per unit for gross proceeds of $1,400,000. Each unit consists of one common share and one share purchase warrant. One share purchase warrant is exercisable at $0.20 per common share during the first year and at $0.22 per common share during the second year.

(iv) completed a private placement of 1,666,666 units at $0.18 per unit for gross proceeds of $300,000 and paid a cash finders fee of $24,600. Each unit consists of one common share and one share purchase warrant. One purchase warrant is exercisable at $0.20 per common share during the first year and at $0.22 per share during the second year.

See Notes 2 and 3 of the Consolidated Financial Statements for the period ended August 31, 2005 for more information regarding Share Capital and funds raised and the Subsequent Event section regarding a private placement completed after the end of the quarter.

Investor Relations

The Company signed an agreement with Ascenta Capital Partners Inc. for investor relation services. Ascenta will receive a monthly retainer of $5,000 and was granted a stock option to purchase 200,000 common shares at $0.20 per share.

The Company signed an agreement for three months with Accent Marketing Ltd. Of Birmingham, England for investor relations services. Accent will receive a monthly retainer of 3,000 Euro and a stock option to purchase 150,000 common shares, subject to regulatory approval.

Outstanding Share data as at October 27, 2005 (See Subsequent Event):

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	91,574,647

(b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	120,000	$0.25	Nov. 14, 2005
Options	95,000	$0.30	Jan. 16, 2006
Options	400,000	$0.30	March 1, 2006
Options	255,000	$0.20	July 16, 2006
Options	794,333	$0.20	July 18, 2007
Options	436,667	$0.25	Feb. 06, 2008
Options	245,000	$0.30	April 25, 2008
Options	50,000	$0.45	Aug. 15, 2008
Options	400,000	$0.30	Oct. 31, 2008
Options	745,000	$0.50	Jan. 15, 2009
Options	330,000	$0.50	March 19, 2009
Options	45,000	$0.50	June 29, 2009
Options	650,000	$0.20	May 12, 2010
Options	100,000	$0.20	June 7, 2010
Options	420,000	$0.20	July 8, 2010
Options	200,000	$0.20	July 12, 2010
Options*	150,000	$0.25	March 6, 2007
Total	**5,436,000**		

* subject to regulatory approval.

(c)

Security	Number	Exercise Price	Expiry Date
Warrants	1,075,000	$0.25/$0.30	March 8, 2007
Warrants	1,000,000	$0.25/$0.30	March 15, 2007
Warrants	7,777,778	$0.20/$0.22	April 29, 2007
Warrants	1,666,666	$0.20/$0.22	July 27, 2007
Warrants	2,044,961	$0.26	Sept. 28, 2007
Total	**13,564,405**		

(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