GGL DIAMOND CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2008

GGL DIAMOND CORP.

Management's Discussion and Analysis

FOR THE SIX MONTHS ENDED MAY 31, 2008;
INFORMATION AS OF JULY 25, 2008 UNLESS OTHERWISE STATED

The following discussion of the results of operations and financial condition of the Company for the second quarter ended May 31, 2008 should be read in conjunction with the consolidated financial statements for the periods ended May 31, 2008 and February 29, 2008, and the 2007 Annual Report (November 30, 2007 Consolidated Financial Statements and related notes). The information reported here includes events taking place subsequent to the end of the second quarter, up to and including July 25, 2008.

SUMMARY

From 1992 until early 2007, the Company's primary focus was on exploring for diamonds on the Slave Craton in the Northwest Territories of Canada. The Company has 100% interest in its diamond prospects and leases and a 40% carried interest (De Beers Canada Inc. 60%) in leases containing 12,972 acres.

In the course of exploring for diamonds on its claims in the Northwest Territories, Canada late in 2006, the Company made a discovery of nickel mineralization in komatiites within an extensive greenstone mineral belt. Since then, the Company has proceeded with exploration and strategic plans related to that discovery. Exploration work to date confirms not only the potential for magmatic nickel associated with komatiites, but also the potential for polymetallic volcanogenic massive sulfide deposits (VMS) and gold within the belt, which we refer to as the "Providence Greenstone Belt" or PGB. Exploration plans for 2008 include further mapping and sampling, with drilling scheduled for August.

Prior to 1992, the Company had acquired and maintained a 100% interest in the McConnell Creek Property in British Columbia, Canada. This property is situated in the area between the Toodoggone and Mt. Milligan project areas, which, in 2006, attracted expenditures of $25 million over an estimated 50 projects. A significant exploration program is being undertaken on McConnell Creek in 2008.

Now that gold and base metals are in demand and commodity prices attractive, the Company plans to pursue these opportunities in addition to diamonds.

GENERAL

The Company is a junior mineral exploration company listed on the TSX Venture Exchange and engaged in the acquisition, exploration and development of mineral properties. It has not yet determined whether its properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for resource assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of its properties, and upon future profitable production or proceeds from the disposition of the properties. The Company's ability to continue its operations is dependent on its ability to secure additional financing, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. In order to continue developing its mineral properties, management is actively pursuing such additional sources of financing; however, in the event this does not occur, there is doubt about the ability of the Company to continue as a going concern. The Consolidated Financial Statements and the discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the periods ended May 31, 2008 and 2007 and years ended November 30, 2007 and 2006 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The Company's administrative expenditures are related to the level of financing and exploration activities that are being conducted, which in turn may depend on the Company's recent exploration experience and prospects, as well as the general market conditions relating to the availability of funding for exploration-stage resource companies. Consequently, the Company does not acquire properties or conduct exploration work on them on a pre-determined basis and as a result there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

The economics of developing mineral properties are affected by many factors, including the cost of operations, variations of grade of ore discovered, fluctuations in mineral markets, goods and services, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting goods and services and environmental regulations. Depending on the price of minerals discovered and potentially mined, the Company may determine it is neither profitable nor competitive to acquire or develop properties, or commence or continue commercial production. The exploration and development of base and precious metals is relatively straight forward while diamond exploration and development is unique in the mining industry in that diamonds are substantially more difficult and expensive to find and develop than other commodities. The valuation of rough diamonds requires specialized experience and knowledge and the distribution and sale is limited to established diamond houses and brand names for either the diamonds or jewellery retail outlets.

HIGHLIGHTS OF ACTIVITIES
FOR THE SIX MONTHS ENDED MAY 31, 2008,
and subsequent events up to July 25, 2008

<u>Providence Greenstone Belt (PGB), Northwest Territories</u>

- Based at our Zip Camp, our geology teams, including crews from the consulting firm of Aurora Geosciences Ltd., continue to work on our claims on the Providence Greenstone Belt.

- Thirty (30) high conductance VTEM geophysical targets have been identified and ranked from the preliminary data. Seventeen of these have been assigned a high to moderate-high ranking and include high conductance, large, discrete targets for potential nickel and VMS mineral deposits.

- Ground evaluation of the targets is in progress with separate field crews evaluating the nickel, VMS and gold potential of the area.

- Drilling on the first of several large VTEM targets with potential for nickel mineralization is scheduled to begin about the second or third week of August. **(**The VTEM preliminary results have only been recently available and evaluation is as yet not complete.)

<u>McConnell Creek Copper – Gold Property, British Columbia</u>

- A ground geophysical IP (Induced Polarization) survey will start upon completion of the survey grid lines now in progress.

- A drill program to test one of the large copper geochemical anomalies is planned upon completion of the geophysical survey.

PROVIDENCE GREENSTONE BELT (PGB)
NORTHWEST TERRITORIES, CANADA

Exploration work in 2007 confirmed and enhanced the potential for magmatic nickel deposits associated with komatiites and 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.

The realization of the varied economic potential of the area led the Company to take an aggressive approach to land acquisition. Claim staking programs in both 2007 and 2008 involved the acquisition of a total of 426,104.88 acres over a length of 120 km of the PGB.

Nickel in particular and VMS deposits in general are prime candidates for geophysical surveys. To move the exploration forward as efficiently and quickly as possible, the Company budgeted up to $1.5 million to complete a state-of-the-art airborne geophysical survey during the winter and spring of this year.

The results of this survey have been exceptional for the number of isolated, discrete, high conductance geophysical anomalies. At this stage of the exploration, this is a most successful outcome.

Geotech Ltd. (Aurora, Ontario) completed the VTEM (Versatile time-domain electromagnetics (EM)) and magnetic survey on behalf of GGL.

PROVIDENCE GREENSTONE BELT (PGB) - NICKEL

Rock samples collected during 2007 exploration and sent for whole rock and multi-element assays defined areas within komatiitic sequences that featured geochemical signatures favourable for nickel mineralization. This work, together with government mapping that identified the komatiite trends, assisted in the identification of VTEM geophysical anomalies that might be associated with nickel deposits.

The Company is exploring for magmatic nickel deposits, which consist mainly of the sulphide mineral pyrrhotite (composed of iron and sulfur and at times magnetic and having a bronze color). It is pyrrhotite that is most commonly responsible for high conductance anomalies. Nickel sulphides (mainly pentlandite, an iron-nickel-sulfur mineral) are often associated with pyrrhotite and when they occur in sufficient quantities, make economic ore deposits.

Geophysics then can detect areas of high conductance, which are commonly, but not always, associated with pyrrhotite and the pyrrhotite may be associated with nickel sulphides. This is the risk associated with nickel exploration.

The positive exploration results to date are supportive of the potential for economic nickel deposits and as discussed in a subsequent section of this report, we are also encouraged by the VTEM results for VMS mineralization as indicated by geophysical responses over known sulphide mineralization.

Condor Consulting, Inc. of Lakewood, Colorado, a group of geophysicists with extensive experience in nickel deposits, has made a first pass preliminary assessment of the VTEM data and target selection. To date, thirty moderate to high conductance anomalies have been identified and the selection, modeling and evaluation continues. The final interpretation of the data from the VTEM survey is expected shortly but changes, if any, are expected to be minor.

Limiting the selection of potential VTEM targets prospective for nickel to only those areas that the Company's geologists have been able to associate with komatiites, we arrive at eight high to moderate-high conductance VTEM targets.

These targets vary from one half to two kilometers in length including the high priority high conductance EM conductor "61W" reported on in the June 12, 2008 News Release.

All of the eight VTEM targets are being considered for subsequent drill testing starting with 61W. Our field crews are examining, evaluating and selecting drill sites for the various areas. The targets are large and should any one target return positive drill results then extensive drilling to outline a possible deposit would be required.

PROVIDENCE GREENSTONE BELT (PGB)
- POLYMETALLIC VOLCANOGENIC MASSIVE SULFIDES (VMS)

There are a number of selected VTEM targets that may reflect VMS mineralization and these are being evaluated both by geophysical modeling and in the field by our geological teams.

One of several high conductance VTEM targets (Target "TZA") lies within an area of previous exploration dating back to 1977. Non NI 43-101 compliant grab samples were reported to have assayed up to 11.3% Zn 3.34% Cu, 165g/t Ag and 4.78g/t Au. This mineralized zone was described as being 4 to 5m thick and was traced intermittently for a strike length of 2 km.

The present VTEM "TZA" target, which has been modeled as a shallow, narrow linear target, is also characterized as a circular deeper high conductance conductor divided into two parts, the larger of which is over 1 km in diameter. This is a significant anomaly in an area of known mineralization and as such, is a priority target for VMS.

PROVIDENCE GREENSTONE BELT (PGB) - GOLD

In 2007, the Company reported a grab sample that assayed 22 gm/tonne (0.64 oz/ton) Au. The VTEM survey indicates a 1 km long linear conductor in this area, which appears to be related to a shear zone. Shear zones commonly host gold deposits in greenstone belts and this area will be subject to further examination.

The independent Qualified Persons for the Company for the PGB project are N.C. Carter, PhD., P.Eng., Consulting Geologist, and Qualified Persons from the consulting firm of Aurora Geosciences Ltd..

DIAMOND PROPERTIES

Diamond Exploration, Slave Craton, Northwest Territories, Canada

The Company's extensive diamond exploration programs have produced evidence that may well lead to one or more viable diamond deposits.

The Company is actively seeking partners for its promising diamond properties in the Northwest Territories (NT) to undertake exploration work with the objective of enhancing the value of these properties for the benefit of shareholders.

COPPER-GOLD PROPERTY

McConnell Creek Copper-Gold Property, British Columbia, Canada

In addition to its diamond and nickel exploration properties in the Northwest Territories, the Company owns 100% of the McConnell Creek Property, which is in northern British Columbia, in the Omineca Division, 780 km north of Vancouver. Access from Vancouver is by paved highway to Fort St. James and then by good gravel road, which goes north from Fort St. James to the Kemess Mine area.

At McConnell Creek, we are in the early stages of an aggressive exploration program for 2008. Preliminary permits for site access and preparation have been received; our geologists have conducted an initial assessment of the property.

A ground geophysical IP (Induced Polarization) survey will start upon completion of the survey grid lines now in progress.

A drill program to test one of the large copper geochemical anomalies is planned upon completion of the geophysical survey.

Risk Factors

The Company is subject to a number of risk factors due to the nature of its business and the present stage of development. The following risk factors should be considered:

Mineral Exploration and Development

The Company's properties are in the exploration stage. Development of the Company's properties will only proceed upon obtaining satisfactory exploration results. Mineral exploration and development involve a high degree of risk and few properties which are explored are ultimately developed into producing mines. There is no assurance that mineral exploration and development activities will result in the discovery of an economic or commercial deposit on any of the Company's properties. Several years may pass between the discovery of a deposit and its exploitation. Most exploration projects do not result in the discovery of commercially mineralized deposits.

Operating Hazards and Risks

Mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of resources, any of which could result in work stoppages and damage to persons or property or the environment and possible legal liability for any and all damage. Fires, power outages, labour disruptions, flooding, explosions, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labour are some of the risks involved in the operation of mines and the conduct of exploration programs. Although the Company will, when appropriate, secure liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities might exceed policy limits, the liability and hazards might not be insurable, or the Company might elect not to insure itself against such liabilities due to high premium costs or other reasons, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Economics of Developing Mineral Properties

Substantial expenditures are required to establish reserves through drilling, to develop processes to extract base and precious metals and diamonds and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that the funds required for development can be obtained on a timely basis.

The marketability of any minerals acquired or discovered may be affected by numerous factors which are beyond the Company's control and which cannot be predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Depending on the price of minerals produced, the Company may determine that it is impractical to commence or continue commercial production.

Commodity Prices

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of diamonds, gold, silver, nickel, copper, zinc and lead or interests related thereto. The price of commodities has fluctuated widely, particularly in recent years, and is affected by numerous factors beyond the Company's control including international economic and political conditions, expectations of inflation, international currency exchange rates, interest rates, global or regional consumptive patterns, speculative activities, levels of supply and demand, increased production due to new mine developments and improved mining and production methods, availability and costs of substitutes, commodity stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on commodity prices and therefore the economic viability of the Company's operations cannot accurately be predicted.

Title

There is no guarantee that title to properties in which the Company has a material interest will not be challenged or impugned. The Company's mineral property interests may be subject to prior unregistered agreements or transfers or native land claims, and title may be affected by undetected defects.

Governmental Regulation

Operations, development and exploration on the Company's properties are affected to varying degrees by: (i) government regulations relating to such matters as environmental protection, health, safety and labour; (ii) mining law reform; (iii) restrictions on production, price controls, and tax increases; (iv) maintenance of claims; (v) tenure; and (vi) expropriation of property. There is no assurance that future changes in such regulations, if any, will not adversely affect the Company's operations. Changes in such regulations could result in additional expenses and capital expenditures, availability of capital, competition, reserve uncertainty, potential conflicts of interest, title risks, dilution, and restrictions and delays in operations, the extent of which cannot be predicted.

Exploration on the Company's properties requires responsible best exploration practices to comply with Corporation policy, government regulations, maintenance of claims and tenure. The Company is required to be registered to do business and have a valid prospecting license (required to prospect or explore for minerals on Crown Mineral Land or to stake a claim) in any Canadian province or territory in which it is carrying out work. Mineral exploration primarily falls under provincial and territorial jurisdiction. However, the Company is also required to follow the regulations pertaining to the mineral exploration industry that fall under federal jurisdiction, such as the Fish and Wildlife Act.

If any of the Company's projects are advanced to the development stage, those operations will also be subject to various laws and regulations concerning development, production, taxes, labour standards, environmental protection, mine safety and other matters. In addition, new laws or regulations governing operations and activities of mining companies could have a material adverse impact on any project in the mine development stage that the Company may possess.

Aboriginal Rights

Aboriginal rights may be claimed on Crown properties or other types of tenure with respect to which mining rights have been conferred. The Company is aware of the mutual benefits afforded by co-operative relationships with indigenous people in conducting exploration activity and is supportive of measures established to achieve such co-operation.

Management

The success of the Company depends to a large extent on its ability to retain the services of its senior management and key personnel. The loss of their services may have a material, adverse effect on the Company.

Conflicts of Interest

Certain officers and directors of the Company are officers and/or directors of, or are associated with, other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest from time to time. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and its shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

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, 2008, the Company's deficit was $19,056,023.

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. In particular, during the period ended May 31, 2008, the per share price of the Company's shares fluctuated from a high of $0.27 to a low of $0.175. There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Future Issuance: Dilution

As at July 25, 2008, there were 11,048,333 stock options and 2,730,000 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, 2008, the Company's Board of Directors approved and granted 4,267,500 stock options (May 31, 2007 – 960,000) to the directors, officers, employees and consultants. Each option entitles its holder to acquire one common share of the Company at $0.20 per common share. The options expire between May 1, 2013 and May 23, 2013. During the period the Company recorded $690,425 (May 31, 2007 – $549,905) of stock based compensation expense for the stock options granted.

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, 2008, the Company had incurred exploration costs on mineral properties of $1,967,733 (charter aircraft $205,333; sampling $87,745; licences, recording fees and lease payments $81,786; salaries and wages $122,663; technical and professional services $223,903; transportation $30,613; surveying $919,026; land use permits and reclamation bonds $76,400 and project supplies of $220,264). Exploration costs for the period ended May 31, 2008 are higher than 2007 by $1,631,029, an increase of 484%. Exploration costs were higher in 2008 than 2007 for all categories of expenditures. Due to a large financing of flow-through funds that was completed in December 2007, the Company is able to set a higher budget for exploration this year. In 2007, the Company had to pay off debts that were outstanding from 2006 and therefore less funds were available for exploration.

On a per project basis, the Company spent the $1,967,733 of exploration costs as follows: $116,966 on the CH project, $73,770 on the Doyle Lake project, $74,055 on the McConnell Creek, $21,130 on the Fishback Lake Property and $1,681,812 on the Providence Greenstone Belt.

The Company reported a net loss of $848,424 for the period ended May 31, 2008 compared to a net loss of $958,208 for the period ended May 31, 2007. General administration and exploration expenses for the period ended May 31, 2008 were $1,147,314 compared to $1,036,707 for the period ended May 31, 2007 (an increase of 10.6% from 2007 to 2008). The increase in expenses was primarily due to an increase in office services and expenses (2008-$110,585; 2007-$85,077); consulting fees (2008-$173,361; 2007-$106,363); licences, taxes, insurance and fees (2008-$15,978; 2007-$13,656); stock based compensation (2008-$697,829; 2007-$549,905) and shareholders' meetings and reports (2008-$18,316; 2007-$7,789). In 2008 there was an increase in consulting fees due to more time spent by management on corporate matters, the financial and advisory contract with Roman Friedrich & Company Ltd. (see Commitments section) and the appointment of a Vice President of Administration in 2007. Licences, taxes, insurance and fees increases are from the increased annual sustaining fee charged by the TSX and increased transfer agent fees. Stock based compensation increases relate to the larger number of stock options where were granted in 2008. Shareholders' meetings and reports increased in 2008 to reflect the change in the annual general meeting date from July in 2007 to May in 2008 (costs were incurred in an earlier period than last year). General exploration cost increases are the result of increased amortization costs relating to additions to the camp set up for the PGB and increases in wages and professional fees for planning meetings.

Corporate relations and legal and audit fees both decreased for the period compared to the same prior year period. The investor relations contract from 2006 ended in late 2007 and was not replaced. Legal and audit costs were higher for 2007 due to the low estimate of audit fees at November 30, 2006 for the auditors who were new that year and legal costs relating to a financing that was not completed. At year end November 30, 2007, the Company was able to more accurately estimate the audit fee.

The revenue for the periods ended May 31, 2008 and May 31, 2007 were from interest income of $53,427 and $14,884, respectively.

Acquisition and Disposition of Resource Properties and Write offs

The Company acquired 100% interest in 36 claims by staking 76,020 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.

The Company allowed three Fishback Lake claims to lapse during the period.

Subsequent to the period end, the Company returned ten mining leases relating to Doyle Lake to Mountain Province Diamonds Inc., Camphor Ventures Inc. and De Beers Canada Inc.

Related Party Transactions

During the six months ended May 31, 2008, the Company was billed $53,821 (May 31, 2007 – $96,600) by one director for consulting fees and $16,179 (May 31, 2007 - nil) for technical and professional services. As at May 31, 2008, $45,117 was included in accounts payable (May 31, 2007 - nil).

Commitments

In 2006, the Company entered into an operating lease agreement with respect to its office premises and additional space in Vancouver until June 30, 2009. Minimum payments of $63,248 and $37,184 are required in the years 2008 and 2009, respectively, under the agreement.

The Company signed an agreement with Roman Friedrich & Company Ltd. ("RFC") for a term of 12 months to provide financial and advisory services to the Company with respect to the raising of equity capital, project financing and strategic planning. RFC received a retainer of $15,000 per month paid as to $7,500 in cash and $7,500 in common shares of the Company. The Company issued a total of 247,355 common shares in payment of $45,000 owed for the six months ended April 15, 2008.

The Company has a mortgage loan on its Yellowknife house of $2,239. The mortgage was paid off subsequent to period end.

Critical Accounting Policies

No new accounting policies were introduced in 2008.

Summary of Quarterly Information

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with May 31, 2008. Financial information is prepared according to GAAP and is reported in Canadian $.

Quarter Ended:	**May 31, 2008 ($)**	**February 29, 2008[2] ($)**	**November 30, 2007 ($)**	**August 31, 2007 ($)**	**May 31, 2007 ($)**	**February 28, 2007 ($)**	**November 30, 2006 ($)**	**August 31, 2006 ($)**
Total Revenues	21,144	32,283	23,805	15,893	12,358	2,526	7,726	5,538
Net Income (Loss)[1]	(1,463,445)	615,021	(374,273)	(1,923,243)	(868,387)	(89,821)	(329,426)	(746,743)
Net income (loss) per share[1]	(0.011)	0.005	(0.003)	(0.016)	(0.008)	(0.001)	(0.005)	(0.008)

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 2006, 2007 or 2008. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

(2) The Net Income number is not actual income, but due to the recording of a large future income tax recovery number based on flow-through funds raised in December 2007. Before adding the future income tax recovery number, there is a loss of $244,190.

During the third and fourth quarters, 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 usually written off in the third and fourth quarters and increase the Net Loss. In the second quarter of 2008, the Company allowed some claims to lapse and returned some mining leases (see Acquisition and Disposition of Resource Properties). The exploration costs spent on these claims and mining leases have been written off as at May 31, 2008.

Liquidity and Capital Resources

The exploration and subsequent development of the Company's properties depends on the Company's ability to obtain required financing. While the Company has financial resources at present, there is no assurance that additional funding will be available to allow the Company to continue to fully explore its existing properties. 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 may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may consequently have its interest in the properties subject to such agreements jeopardised. Furthermore, if other parties to such agreements do not meet their share of such costs, the Company may be unable to finance the costs required to complete recommended programs.

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 working capital at May 31, 2008, of $2,110,648 and $728,793 as at November 30, 2007. The Company's current assets exceeded its current liabilities at period end due to the private placement which was completed in December 2007. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

As at May 31, 2008, the Company has no long term debt (November 30, 2007 - $10,705 mortgage loan) outstanding.

For the six months ended May 31, 2008, the Company recorded negative cash flow of $423,053 (2007 - $457,367) (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 office services and expenses, licences, taxes and insurance and consulting fees. (See Overall performance/results of operations for further information.)

The Company's cash position as at May 31, 2008 was $1,431,684 (November 30, 2007 - $745,148). The increase in cash position compared to November 30, 2007 was due principally to funds received from the flow-through private placement completed in December 2007. See Note 3 Share Capital in the Notes to the Consolidated Financial Statements.

During the period ended May 31, 2008:

(a) the Company completed a private placement of 16,058,000 flow-through shares at $0.25 per common share for gross proceeds of $4,014,500. The proceeds from these flow-through shares will be spent on Canadian Exploration Expenditures on the Company's unproven mineral interests. The Company paid cash finder's fees of $236,800 and issued 160,000 common shares (at a value of $40,000) on a portion of the proceeds;

(b) the Company issued 247,355 common shares in payment of $45,000 owed pursuant to a financial advisory agreement (see Commitments);

(c) the Company issued 135,000 common shares upon the exercise of stock options at $0.20 and $0.25 per common share for gross proceeds of $31,250. In addition 505,000 stock options expired unexercised; and

(d) the Company issued 310,000 common shares upon the exercise of warrants at $0.15 and $0.175 per common share for gross proceeds of $49,000.

At May 31, 2008, the Company has the following share purchase warrants outstanding:

Number of warrants	Exercise Price	Expiry Date
190,000	$0.45	June 12, 2008
18,000	$0.45	June 27, 2008
2,400,000	$0.175	Dec. 21, 2008
100,000	$0.25	Jan. 3, 2009
230,000	$0.175	March 7, 2009
2,938,000		

See Notes 3 to 5 of the Consolidated Financial Statements for May 31, 2008.

Subsequent Events

Subsequent to May 31, 2008:

(a) the Company returned ten mining leases to relating to Doyle Lake to Mountain Province Diamonds Inc., Camphor Ventures Inc. and De Beers Canada Inc. and

(b) 208,000 warrants expired unexercised.

Outstanding Share data as at July 25, 2008:

(a) Authorized and issued share capital:

Class	Par Value	Authorized	Issued Number
Common	No par value	Unlimited	139,642,025

(b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	50,000	$0.26	Aug. 15, 2008
Options	325,000	$0.26	Jan. 15, 2009
Options	310,000	$0.50	Jan. 15, 2009
Options	330,000	$0.50	March 19, 2009
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	75,833	$0.20	Aug. 15, 2011
Options	960,000	$0.63	May 1, 2012
Options	2,875,000	$0.56	July 31, 2012
Options	817,500	$0.20	May 1, 2013
Options	3,450,000	$0.20	May 23, 2013
Total	**11,048,333**		

(c) Summary of warrants outstanding.

Security	Number	Exercise Price	Expiry Date
Warrants	2,400,000	$0.175	Dec. 21, 2008
Warrants	100,000	$0.25	Jan. 3, 2009
Warrants	230,000	$0.175	March 7, 2009
Total	**2,730,000**		

(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"	*"Nick DeMare"*
Raymond A. Hrkac President and CEO	Nick DeMare Director and CFO