GGL DIAMOND CORP.

Management Discussion and Analysis
(Form 51-102F1)

For the Twelve Months ended November 30, 2003
Information as of April 7, 2004 unless otherwise stated

The following discussion of the results and financial position of the Company for the year ended November 30, 2003 should be read in conjunction with the Consolidated Financial Statements and related notes.

Since 1981, the Company has been engaged in the acquisition, exploration, and development of mineral properties in North America. Its initial exploration focus was primarily on gold and copper-gold prospects. As a result, the Company retains ownership of a gold property and a copper-gold property in British Columbia, Canada, and has a gold property under option in Nevada, USA.

In 1992, the Company began to explore for diamonds on the Slave Craton in the Northwest Territories of Canada, an effort that has become the Company's primary exploration focus. Between 1992 and 1995, the Company initiated joint ventures with Teck/Cominco, the Slave Diamond Syndicate, Echo Bay Mines, and De Beers Canada Exploration Inc. ("De Beers", formerly Monopros Limited). One of these, the Doyle Lake Project with De Beers, resulted in the discovery of a diamond bearing-kimberlite and exploration is in progress. The Fishback Project claims (formerly held by the Slave Diamond Syndicate and a subsequent joint venture with De Beers) have reverted to the Company and exploration continues on some of the claims.

In March of 2000, the Company began a claim acquisition program, south and west of Lac de Gras and the Ekati Diamond Mine. Diamond exploration and claim staking on the CH Project continued through 2001, 2002 and 2003. Portions of this project area have advanced to the target drilling stage, while heavy mineral sampling continues to aid in the definition of new targets. The CH project area contains over 300,000 acres in ten claim groups. The excellent geochemistry of the diamond indicator minerals in this area is prime evidence that clusters of diamond bearing kimberlites are to be found here.

<u>DIAMOND EXPLORATION, SLAVE CRATON, NORTHWEST TERRITORIES, CANADA</u>

The Slave Craton, an area approximately 400 km by 600 km, is composed of thick crustal rocks greater than 2.5 billion years old. Defined by age and thickness, Cratons are known to contain economic diamond deposits. Prior to the Canadian diamond discoveries, the best-known diamond deposits were in the Cratons of South Africa, Russia, India, and Brazil. To date two major diamond deposits in the central portion of the Slave Craton are in production, the Ekati and Diavik mines, and together they accounted for 11% of the world's diamond production by value in 2003.

<u>Doyle Lake LA 1 – 30 Mineral Claims, Southeast Slave Craton</u>

The southeast portion of the Slave Craton contains, to date, two potential diamond mines. The Snap Lake diamond deposit is scheduled to go into production in two to three years. The deposit was found in 1996 by junior exploration company Winspear Resources, which in 2000 was bought by De Beers. The Gahcho Kue kimberlites, on Mountain Province (MPV) claims adjacent to GGL's Doyle Lake project area, contain an estimated gross diamond resource of $2.0 billion. De Beers is in the process of earning a 60% interest in this deposit from Mountain Province Diamonds Inc. An in-depth project study is in progress.

GGL's initial claims in the Doyle Lake area were acquired in 1993, and by 1994 sampling for kimberlite indicator minerals (KIM) identified an indicator mineral train with exceptionally promising diamond chemistry. This attracted the interest of De Beers. In 1995, GGL negotiated a joint venture agreement for De Beers to spend $4.65 million on exploration to earn a 60% interest and the right to market all of the diamonds mined under the joint venture; GGL's 40% interest is carried through to production. To date, De Beers has spent over $6 million on the property and is the operator under the joint venture agreement.

A diamondiferous kimberlite sill (technically a shallow dipping dike similar in geometry to the Snap Lake kimberlite which is now in the production permitting stage) was discovered in 1996 on the LA 26 – 30 mineral claims. Further work was deferred pending resolution of a claim ownership dispute, which was finally resolved in May of 2003 in favor of the GGL/De Beers joint venture.

An exploration program on and near the Doyle kimberlite sill was carried out during late summer of 2003. During this program, 24 HQ core holes (approximately 63cm in diameter) were drilled for microdiamond analysis and to more accurately define the sill. Through this exploration program, the strike length of the sill was extended to 2 kilometres, with the thickness varying from a few centimetres to 5.6 metres, averaging two metres. The sill remains open to extension. Originally, it was reported that 160 kg of kimberlite was recovered during this exploration program, but detailed logging by De Beers revised the weight selected for sampling to 94.5 kg, of which 84.5 kg was sent for microdiamond extraction and 10 kg submitted for heavy mineral analyses.

The microdiamond results returned 161 stones from the 84.5 kg sample. The largest stone was recovered on the bottom sieve size of 0.85 mm and described as a white, transparent fragment with dimensions of 1.40 x 1.14 x 0.59 mm. Thirty eight percent (38%) of the microdiamonds consist of crystals which, in order of abundance, are octahedral, macle (commonly twined), dodecahedral, cubic and tetrahexahedral. Diamond fragments make up the remaining 62% of the microdiamonds. These results approximately two stones per kilogram -- are significantly better than the one stone per two kilograms reported from the 1996 reverse circulation drilling. Samples from the 1996 drilling were diluted so that the 507 kg sample appears to have contained less than 50% kimberlite.

De Beers has sent the microdiamonds recovered from the 2003 core drilling to South Africa for accurate weighing and stone shape classification. They will be added to the microdiamonds recovered in 1996 and 2000 and then used to model the macrodiamond potential of the Doyle sill by Dr. Malcolm Thurston, V.P. Mineral Resource Management for De Beers Canada.

De Beers, as the Doyle project operator, has started the 2004 exploration program on the property. Underway is a detailed ground gravity survey along the northeast trend (the 20-km long “kimberlite alley”), an area that contains all of the currently known potentially commercial diamondiferous kimberlites in the Kennady Lake area. Work has started on the Mountain Province/De Beers joint venture claims and will proceed southwesterly to the GGL/De Beers joint venture claims.

The purpose of the gravity survey is to locate potential kimberlite pipes greater than one hectare (100m x 100m) in size. De Beers has indicated it will drill all suitable targets. The Company is in full support of the De Beers’ program, which could be of great benefit to the Company and its shareholders. Additionally, GGL’s consultants believe that a bulk sample and further exploration are required to evaluate the diamond potential of the sill and options to do this are being examined.

Gravity surveys also are planned by De Beers for three areas outside of the main grid area: T-bone, Quail Lake and the Eastern Anomaly.

CH Project Area, Central Slave Craton

The central area of the Slave Craton is home to the Ekati and Diavik diamond mines. These two mines, the first in Canada, together produce 11% by value of the world’s diamond production. The central part of the Slave Craton was described by research scientists at the 8th International Kimberlite Conference held last year in Victoria, BC (a first for Canada), as one of the most prospective diamond potential areas of the Slave Craton. It is here that GGL’s 100% owned “CH” properties are located.

The Company began to stake claims in this area in March 2000, based on the established presence of kimberlite indicator minerals (KIM’s) and in particular, of G-10 pyropes, the garnets most typically associated with diamond kimberlites. The exploration for diamonds in this area has been the main focus of the Company since 2000.

Ten diamond exploration properties containing a total of 325,000 acres lie within the CH Project Area. The properties and work planned for 2004 are:

<u>MacKay Project</u>

The MacKay Project is located on MacKay Lake 75 km south southwest of the Ekati Diamond Mine.

The claims were recorded in April 2001, and after indicator mineral sampling and an airborne geophysical survey, one geophysical target was drilled, but did not locate the source of the indicator minerals. In 2003, the Company submitted the airborne survey for additional analysis by independent geophysical consultants. The results were received this year and identified three potential kimberlite targets, which will be evaluated by ground geophysical surveys early in April 2004. The targets that are confirmed by the interpretation of the ground geophysics will be added to the list of targets to be drilled.

<u>Courageous Project</u>

The Courageous Project is located 45 km south of the Ekati Diamond Mine.

The claims were staked in March 2000 and a program of indicator mineral sampling and airborne geophysics was completed over the central and southern portions of the claim block. An indicator mineral train was confirmed and a number of geophysical targets located. Four of these targets were drilled and their geophysical signatures were found to be due to magnetic and electromagnetic sources other than kimberlite. Several geophysical targets will be covered by ground geophysical surveys this April and the northern part of the claim block will be surveyed by airborne geophysics this year. Targets will be selected for drilling on the basis of the ground surveys and additional targets may be located by the airborne survey.

<u>G Claims</u>

The G claims are located 35 km south of the Ekati Diamond Mine and are adjacent to a kimberlite pipe discovered by De Beers. In return for providing the Company with airborne geophysical data, De Beers was granted the first right to deal should the Company decide to seek a joint venture partner.

The Company drilled one geophysical target in 2002. Recently the Company acquired a new geophysical software program and by applying it, has identified two targets supported by low count KIM's. The two targets will be covered by this April's ground geophysical program and evaluated as possible drill targets.

<u>Seahorse Project</u>

Located 30 km southwest of the Ekati Diamond Mine, the Seahorse claims were staked in March 2000. Sampling, airborne and ground geophysical surveys were completed during the period 2000 through 2003. One target was drilled in 2001, and three targets drilled in 2002 yielded three kimberlite pipes. No microdiamonds were reported in the samples from these pipes.

The sources for a two-km wide indicator mineral train remain to be found. The Company has contracted Condor Geophysics to interpret the airborne geophysical data and evaluate potential drill targets. Four claims staked in 2002 will be flown by airborne geophysical surveys this year.

<u>Starfish Project</u>

The Starfish Project is 50 km southwest of the Ekati Diamond Mine. Staked in 2000, the claims were explored by KIM sampling and in 2003, an airborne geophysical survey was completed over the entire claim block.

Twelve indicator mineral trains have been discovered on the Starfish property. Although some additional sampling is required in 2003, most of the source areas have been defined. Final interpretation of the airborne geophysics is expected in April in time to further evaluate targets by ground geophysics and to select drill sites. As most of the areas are on land or small lakes, drilling could be done this summer as well as this winter.

ZIP-De Project

Located 75 km west of the Ekati Diamond Mine, the ZIP-De claims were staked in 2002. Indicator mineral sampling in 2002 and 2003 returned the largest number of indicator minerals sampled by the Company since the Gravy Train found at Doyle led to the diamondiferous kimberlite sill. An airborne geophysical survey completed late in 2003 has located a large number of geophysical targets. Three of these have good indicator mineral support. One tested by ground geophysics last year is a defined drill target, while the other two will be surveyed this April. It is anticipated that these targets will be drilled in April/May of this year. Geophysical interpretation continues and additional targets and areas requiring more sampling should be defined.

ZIP-Du and ZIP-Da

These two claim groups, 75 km west northwest of Ekati, have had preliminary sampling completed with some encouraging results. Plans for 2004 have yet to be finalized.

Winter Lake North

Located 80 km west of Ekati and south of ZIP-De, these claims were staked over the period of 2000 to 2003. Sampling programs were conducted each year through 2003 as funding permitted. Good geochemistry and high counts of indicator minerals make this one of the most promising areas for diamond exploration. Several indicator mineral trains have been defined and the Company's first airborne geophysical survey will be undertaken here this year. Contracts are in progress and we hope the survey can be completed this spring. Drill targets on this property will most likely be identified and ready for drilling next winter.

Winter Lake South

Located 85 km southwest of Ekati, the area will be part of this year's airborne geophysical survey to locate drill targets at the head of two indicator mineral trains found during the previous years of sampling.

Fishback Lake Project

The main area of interest is the AJ claim located 70 km northwest of Yellowknife. A seismic survey followed by a bathymetric survey in 2000 identified an unusually deep steep-walled depression in the lake. The lake is 75 metres deep in an oval depression with a relatively flat bottom approximately one kilometre across (the Big Hole). A few indicator minerals down ice of this big hole prompted a lake bottom sediment sampling program that returned trace element signatures indicative of kimberlite.

A diamondiferous kimberlite was found by others in Dry Bones Bay near Yellowknife solely on the basis of drilling a steep-walled depression in Great Slave Lake. Both the Dry Bones and the AJ Big Hole depressions gave similar positive results from lake bottom sediment samples.

In 2002, large granite breccia boulders were found along the southwest shore directly down ice of the Big Hole. The boulders consist of fragments of granite and diabase, surrounded by a carbonate rich matrix. In 2003 and early 2004, approximately 20 kg of this material was crushed and concentrated for heavy minerals. A total of seven mantle-derived kimberlitic indicators was recovered, one pyrope (G-9), five low-Cr eclogitic garnets, and one low-chrome megacrystic garnet. This important information supports an interpretation that the breccia is related to an explosive event and may represent a wall-rock breccia of a kimberlite body. Similar breccias have been found near known kimberlites.

In addition, a review of mineral concentrates from 2002 till sampling has recovered additional KIM's including two kimberlitic ilmenites with delicate resorption surfaces containing mineral coatings that seldom survive transport and therefore are most likely from a local kimberlite source.

Only drilling will determine if the Big Hole is a kimberlite and the Company is preparing to drill in June. Should it also contain diamonds in economic amounts, it would join a handful of world class deposits. A second much smaller target near shore is now being evaluated by ground geophysical surveys and depending on results, may also be drilled.

FUTURE PLANS FOR DIAMOND EXPLORATION

All the diamond exploration properties discussed above, except for Doyle, are 100% owned by GGL Diamond Corp. Over the past four years we have completed unglamorous but necessary work required to define drill targets. Our plans for the next 18 months are to test by drilling some 40 quality targets. The experience of other explorers and ourselves and supported by many case histories, tells us that the last target drilled has as good a chance as the first.

Drilling of targets will begin this spring when those that need to be drilled from frozen lakes will take priority. This summer and fall we will drill land targets and lake targets that can be drilled from shore. The winter of 2005 should see the completion of this phase of exploration. New targets undoubtedly will surface as sampling and geophysical interpretation continue. The bottom line is that an exciting phase of exploration is about to begin.

GOLD PROPERTIES

McConnell Creek Gold Property, BC

The McConnell Creek Gold Property is wholly-owned by GGL Diamond Corp. and has the potential to be a significant asset to the Company and its shareholders. It is located in north-central British Columbia, Canada, 21 km south of the operating Kemess open pit copper-gold mine.

It is a greenstone-hosted quartz-carbonate vein system within a shear zone, a type of deposit that is the setting for a number of medium to world-class underground gold deposits that include the Mother Lode, California, the Golden Mile, Australia, and the Giant and Con Mines in the Northwest Territories of Canada.

Several millions of dollars have been spent on the exploration of the McConnell Property since its discovery by prospectors in 1947. The Company has held the claims since 1981 and has conducted exploration both on its own and with former joint venture partners Lornex in the 1980’s and Placer Dome in 1990. With the election of the NDP in 1992, funding for exploration in B.C. virtually disappeared.

The work done consists of well-documented geological, geophysical and geochemical surveys, trenching, diamond drilling, and sampling. This work has traced the gold potential over the 12km length of the structure held by the Company and has begun to define discrete shoots of gold mineralization typical of these deposits. In this type of deposit economic gold values are found in shoots along and within the structure and tonnage and grade can only be defined by assays from detailed sampling in trenches or underground workings. Drilling is undertaken to locate areas of alteration and mineralization but due to the erratic dispersion of gold and core loss in the alteration zones that contain the gold, cannot be used to define tonnage and grade.

Detailed trenching and sampling outlined a mineralized zone over a strike length of 475 feet grading 0.211 oz/ton gold over an average width of 5.6 feet, this section contains a higher grade zone of 130 feet grading 0.314 oz/ton gold over an average width of 6.0 feet. Diamond drill holes below this zone intersected gold values to 600 feet the maximum depth of drilling. Gold values in the drill holes varied from a low of 0.026 oz/ton to a high of 0.379 oz/ton over recovered widths of 1.2 feet to 18 feet.

A second zone was traced by trenching and sampling over a distance of 100 feet with an average value of 0.198 oz/ton over an average width of 3.3 feet. The last trench before the start of thick overburden contained 0.232 oz/ton gold over 5.9 feet, and this zone is open to extension.

Over a 10 km length of the shear zone system soil samples containing 200 to 2000 ppb gold are documented. A gold shear zone system of this magnitude could only have remained under-explored in

British Columbia. Under the present government exploration can now continue, and the Company has now expanded its land holdings by staking additional claims.

Two independent professional engineering reports were prepared for the Company. One in 1993 by G.R. Peatfied, Ph.D., P.Eng. concluded that much work will be necessary to evaluate the property and proposed a staged $850,000 program. The second Report was prepared in 2001 by Paul W. Richardson Ph.D., P.Eng. which proposed a program of soil sampling, diamond drilling and if economic conditions warrant, the driving of an adit along the Main Gold Zone.

Now that the price of gold is strong, the Company plans to continue the exploration of this property either alone or as a joint venture.

Happy Creek Project, Nevada, USA

The Company has an option to acquire 100% interest subject to a royalty to the owners. In 1997-98 the property was optioned, by the Company, to Meridian Gold Company. Meridian conducted fluid inclusion studies that indicated the potential for a bonanza type epithermal gold-silver deposit at depth. Meridian drilled a series of drill holes to test this. At the end of the program and upon examination and interpretation of the geology from the drill cuttings, it was seen that the drill holes fell short of the potential target.

Now that the price of gold is strong, the Company plans to continue the exploration of this property either alone or as a joint venture.

ZIP-De Claims, NWT

During the exploration for diamonds, an anomalous gold value was reported in one of the soil samples. A tight grid of soil sampling is planned for this area.

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 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 Financial Statements and the discussion and analysis of the financial condition, changes in financial condition and results of operations of the Company for the years ended November 30, 2003 and 2002 do not include the adjustments that would be necessary should the Company be unable to continue as a going concern.

The amount of the Company's administrative expenditures is 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 effected 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. 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.

Trends

The Company's financial success is dependent upon the discovery of properties which could be economically viable to develop. Such development could take years to complete and the resulting income, if any, is difficult to determine. The sales value of any mineralization discovered by the Company is largely dependent upon factors beyond the Company's control, such as the market value of the products produced.

Other than as disclosed herein, the Company is not aware of any trends, uncertainties, demands, commitments or events which are reasonably likely to have a material effect on the Company's sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Competitive Conditions

The resource industry is intensively competitive in all of its phases. The Company competes with other mining companies for the acquisition of mineral claims and other mining interests as well as for the recruitment and retention of qualified employees and contractors. There is significant and increasing competition for a limited number of gold and other resource acquisition opportunities and as a result, the Company may be unable to acquire suitable producing properties or prospects for exploration in the future on terms it considers acceptable. The Company competes with many other companies that have substantially greater financial resources than the Company.

The Company may, in the future, be unable to meet its obligations under agreements to which it is a party and the Company may have its interest in the properties subject to such agreements reduced as a result.

Environmental Factors and Protection Requirements

The Company conducts exploration and development activities in the Northwest Territories, Nevada and British Columbia. All phases of the Company's operations are subject to environmental regulation in the jurisdictions in which it operates. Environmental legislation is evolving in a manner which requires stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. There is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or to preclude entirely the economic development of a property. Environmental hazards may exist on the properties which are unknown to the Company at present which have been caused by previous or existing owners or operators of the properties.

The approval of new mines on federal lands in Canada is subject to detailed review through a clearly established public hearing process, pursuant to the Federal Canadian Environmental Assessment Act. In addition, lands under federal jurisdiction are subject to the preparation of a costly environmental impact assessment report prior to the commencement of any mining operations. These reports entail a detailed technical and scientific assessment as well as a prediction of the impact on the environment and proposed development. Further, under such review process, there is no assurance that regulatory and environmental approvals will be obtained on a timely basis or at all.

Provincial mining legislation establishes requirements for the decommissioning, reclamation and rehabilitation of mining properties in a state of temporary or permanent closure. Such closure requirements relate to the protection and restoration of the environment and the protection of public safety. Some former mining properties must be managed for long periods of time following closure in order to fulfill closure requirements. The cost of closure of mining properties and, in particular, the cost of long-term management of mining properties can be substantial. The Company intends to progressively rehabilitate its mining properties during their period of operation, should any properties become operational, so as to reduce the cost of fulfilling closure requirements after the termination or suspension of production.

The Company has adopted an environmental policy designed to ensure that it continues to comply with or exceeds all environmental regulations currently applicable to it. All of the Company's activities are in compliance in all material respects with applicable environmental legislation. The Company is engaged in exploration with nil to minimal environmental impact.

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 a body of commercial diamonds 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, land slides 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 diamonds and gold 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 and gold or interests related thereto. The price of diamonds 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 diamond substitutes, diamond stock levels maintained by producers and others and inventory carrying costs. The effect of these factors on the price of diamonds, 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 not aware of any aboriginal land claims having been asserted or any legal actions relating to native issues having been instituted with respect to any of the mineral claims in which the Company has an interest. 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 and Directors

The Company is dependent on a relatively small number of directors and officers: Raymond A. Hrkac, William Wolodarsky, J. Haig deB. Farris, Nick DeMare, William Meyer, John Auston and R. Timothe Huot (as of February 6, 2003). The loss of any of one of those persons, or of employees could have an adverse affect on the Company. The Company does not maintain key person insurance on any of its management.

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 November 30, 2003, the Company's deficit was approximately $11,007,350.

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 financial year ended November 30, 2003, the per share price of the Company's shares fluctuated from a high of $0.52 to a low of $0.15. There can be no assurance that continual fluctuations in price will not occur.

Shares Reserved for Future Issuance: Dilution

As at November 30, 2003, there were 6,155,000 stock options and 6,190,000 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.

OVERALL PERFORMANCE/RESULTS OF OPERATIONS

As at November 30, 2003, the Company had incurred exploration costs on mineral properties of $1,552,880 (charter aircraft $206,309; drilling, trenching and sampling $309,033; licences and recording fees $29,341; salaries and wages $107,585; surveys $424,185; technical and professional services $223,492; transportation $144,536 and project supplies of $108,399). Exploration costs for the year ended November 30, 2003 are higher than 2002 by $583,623, an increase of 60%. A majority of this increase was for an airborne survey performed over some of the CH claims.

On a per project basis, the Company spent the $1,552,880 exploration costs as follows: $1,523,432 on the CH project, $11,849 on the Doyle Lake project, $6,499 on the Clinton, $2,520 on the McConnell Creek, $5,483 on the Happy Creek Gold/Silver Property, and $3,097 on the Fishback Lake and Dessert Lake Properties.

The Company reported a net loss of $954,129 for the year ended November 30, 2003 compared to a net loss of $751,782 for the year ended November 30, 2002 (an increase of 26.9% from 2002 to 2003). General administration expenses for the year ended November 30, 2003 were $515,374 compared to $346,251 for the year ended November 30, 2002 (an increase of 48.8% from 2002 to 2003). The increase in general administration expenses was primarily due to an increase in legal and audit (2003 - $41,028; 2002 - $34,823), corporate relations (2003 – $31,635; 2002 - $25,492), travel (2003 - $65,238; 2002 - $18,644), licences, taxes, insurance and fees (2003 - $61,215; 2002 - $42,391), stock based compensation (2003 - $106,648; 2002 - $34,980) and shareholders' meetings and reports (2003 - $23,037; 2002 - $15,693). Insurance costs have been increasing for the last two years by as much as 25%; stock based compensation expense is calculated based on the number of options that were granted last year and this year; and office, travel and corporate relations costs were increased so that management could travel to meet potential investors.

Revenue for the year ended November 30, 2003 was $19,326 consisting of interest income compared with $3,308 for the year ended November 30, 2002. The increase in funds raised during the year generated more interest income for the Company.

Acquisition and Disposition of Resource Properties and Write offs

33 claims were staked during the year ended November 30, 2003.

The write off of exploration and mineral property costs for the year ended November 30, 2003 was composed of $90,611 Fishback Lake and Dessert Lake, and $248,632 CH project.

RELATED PARTY TRANSACTIONS

During the year ended November 30, 2003 the Company was billed a total of $106,100 ($58,100 of which is included in accounts payable in 2003) by R.A. Hrkac, the President and CEO and Chillchur Management Ltd., a company wholly owned by J. Haig deB. Farris, a director, for technical and professional services provided. For the year ended November 30, 2002 the Company was billed $53,600 ($48,000 of which is included in accounts payable in 2002) by R.A. Hrkac for technical and professional services.

COMMITMENTS

The Company has entered into an operating lease agreement with respect to its office premises. Minimum payments of $30,290 in 2004 and $5,303 in 2005 are required under the agreement.

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 November 30, 2003. If the conditions precedent had been satisfied at November 30, 2003, the amount owing under the agreement would be approximately $154,350.

The Company has a mortgage loan on its Yellowknife house of approximately $70,800 which becomes due on January 1, 2005. The Company intends to renew the mortgage when it comes due.

ACCOUNTING POLICIES

Accounting polices are listed in Note 2 to the Consolidated Financial Statements for November 30, 2003.

SUBSEQUENT EVENTS

Subsequent to November 30, 2003, the following occurred:

(a) 750,000 stock options expired unexercised.

(b) The Company completed a private placement of 2,232,222 flow through shares at $0.45 per share for gross proceeds of $1,004,500. The proceeds from these flow through shares must be spent on Canadian Exploration Expenses ("CEE").

(c) 840,000 stock options were exercised at $0.30 per common share for gross proceeds of $252,000.

(d) 300,000 share purchase warrants were exercised at $0.20 per common share for gross proceeds $60,000.

(e) 1,430,000 stock options were granted at an exercise price of $0.50 per common share to directors, officers and employees of the Company. The shares are exercisable for 5 years and vest over 18 months. 213,965 of these options are restricted from being exercised until an amendment to the Company' Stock Option Plan has been approved by the shareholders at its Annual and Special General Meeting to be held on May 14, 2004. The Company Stock Option Plan was amended on January 15, 2004 to increase the maximum number of shares reserved for the granting of stock options under the Plan.

SELECTED ANNUAL INFORMATION

The following table sets forth selected consolidated financial information of the Company for, and as at the end of, each of the last three financial years of the Company up to and including November 30, 2003. This financial information is derived from the consolidated financial statements of the Company which were audited by Ellis Foster. The Company prepares financial information according to Generally Accepted Accounting Principles ("GAAP") and all information is reported in Canadian $.

	November 30 (Audited)		
	2003	**2002**	**2001**
Total Revenues	19,326	3,308	39,347
Income from continuing operations	-	-	-
Net loss for the year	(954,129)	(751,782)	(550,419)
Net loss per share	(0.02)	(0.02)	(0.01)
Fully diluted net loss per share	(0.02)	(0.02)	(0.01)
Total Assets	9,326,262	6,780,142	5,891,483
Total Long-term financial liabilities	57,676	70,800	83,924

No Cash dividends have been declared or paid since the date of incorporation and the Company has no present intention of paying dividends on its common shares. The Company anticipates that all available funds will be invested to finance the growth of its business.

The Net Loss number is affected mainly by the administration costs and write off of exploration and mineral property costs incurred for each year. Revenues from 2001 to 2003 are interest income.

Interest income is dependent upon interest rates and the amount of financing raised each year by the Company. Interest rates will vary due to market conditions and the Company has no control over the fluctuation of rates.

Expenses are mainly composed of administration costs, general exploration costs and write off of exploration and mineral costs. The amount of a write off in each year is dependent upon the costs spent to date on the project(s) that is (are) being abandoned. Write offs of exploration and mineral property costs will vary from year to year and affect the Net Loss.

All of the above factors must be taken into consideration when comparing Total Revenues and Net Loss for each year.

SUMMARY OF QUARTERLY INFORMATION

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with November 30, 2003. Financial information is prepared according to GAAP and is reported in Canadian $.

Quarter Ended:	November 30, 2003 ($)	August 31, 2003 ($)	May 31, 2003 ($)	February 28, 2003 ($)	November 30, 2002 ($)	August 31, 2002 ($)	May 31, 2002 ($)	February 28, 2002 ($)
Total Revenues	9,203	5,027	3,975	1,121	1,646	1,285	148	229
Net Income (Loss)	(635,294)	(111,314)	(107,262)	(100,259)	(432,471)	(170,754)	(70,909)	(77,648)
Net income (loss) per share	(0.01)	(0.002)	(0.002)	(0.002)	(0.009)	(0.004)	(0.001)	(0.002)

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 2002 or 2003. Fully diluted earnings (loss) per share are not presented as the exercise of warrants and stock options would be anti-dilutive.

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. Properties that will be abandoned are written off in the third and fourth quarter and increase the Net Loss.

LIQUIDITY AND CAPITAL RESOURCES

The Company currently has sufficient financial resources to undertake by itself all of its planned exploration and possible development programs for the next twelve months. The exploration and subsequent development of the Company's properties may therefore depend on the Company's ability to obtain additional required financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing exploration (or joint venture) properties. Failure to obtain additional financing could result in delay 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 cost required to complete recommended programs.

The Company is dependent on raising funds by the issuance of shares or disposing of interests in its mineral properties (by options, joint ventures or outright sales) in order to finance further acquisitions, undertake exploration and development of mineral properties 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 their 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's subsidiary, Gerle Gold (U.S.) Inc., has no source of financings and relies on the Company for advances to fund its work on the Happy Creek property.

The Company had working capital at November 30, 2003 of $1,417,470 compared with a working deficit of $15,569 as at November 30, 2002. The Company has no material income from operations and any improvement in working capital results primarily from the issuance of share capital.

As at November 30, 2003 the Company had $57,676 of long-term debt (mortgage loan) outstanding.

For the year ended November 30, 2003, the Company experienced a negative cash flow of $361,559 (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 legal and audit, corporate relations, travel, licences, taxes, insurance and fees and shareholders' meetings and reports. (See Exploration and General and Administrative Expenditures for further information.)

The Company's cash position as at November 30, 2003 was $1,575,129. The increase in cash position compared to November 30, 2002 was due principally to the completion of three private placements. See Note 6 – Share Capital in the Notes to the Consolidated Financial Statements.

During the year ended November 30, 2003, the Company:

(a) Completed a private placement of 5,000,000 common shares at $0.20 per share for gross proceeds of $1,000,000 and paid a cash finders' fee of $80,000;

(b) Completed a private placement of 2,722,222 common shares at $0.45 per share for gross proceeds of $1,225,000 and paid a cash finders' fee of $82,800;

(c) Completed a private placement of 1,967,623 common shares at $0.45 per share for gross proceeds of $885,430 and paid a cash finders' fee of $70,832;

(d) Issued 1,897,332 common shares pursuant to the exercise of share purchase warrants priced at $0.20 to $0.30 per common share for gross proceeds of $498,200; and

(e) Issued 1,060,000 common shares pursuant to the exercise of stock options priced at $0.20 to $0.30 per common share for gross proceeds of $274,666.

See Notes 6 and 7 of the Consolidated Financial Statements for November 30, 2003.

FINANCIAL INSTRUMENTS

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matter of significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, marketable securities, sundry receivable, and accounts payable and accrued liabilities and mortgage loans approximate their fair value because of the short-term nature of these instruments.

OUTSTANDING SHARE DATA AS OF APRIL 7, 2004:

(a) Authorized and issued share capital:

			Issued	
Class	**Par Value**	**Authorized**	**Number**	**Value**
Common	No par value	250,000,000	68,900,242	$21,211,538

(b) Summary of options outstanding:

Security	Number	Exercise Price	Expiry Date
Options	594,000	$0.25	June 29, 2005
Options	100,000	$0.25	Aug. 8, 2005
Options	100,000	$0.30	Sept. 5, 2005
Options	120,000	$0.25	Nov. 14, 2005
Options	145,000	$0.30	Jan. 16, 2006
Options	600,000	$0.30	March 1, 2006
Options	305,000	$0.20	July 16, 2006
Options	984,333	$0.20	July 18, 2007
Options	736,667	$0.25	Feb. 06, 2008
Options	430,000	$0.30	April 25, 2008
Options	50,000	$0.45	Aug. 15, 2008
Options	400,000	$0.30	Oct. 31, 2008
Options	1,100,000	$0.50	Jan. 15, 2009
Options	330,000	$0.50	March 19, 2009
Total	**5,995,000**		

(c) Summary of warrants outstanding:

Security	Number	Exercise Price	Expiry Date
Warrants	320,000	$0.20	May 31, 2004
Warrants	450,000	$0.20	June 24, 2004
Warrants	5,120,000	$0.20	July 11, 2004
Total	**5,890,000**		

(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 & CEO

"J. Haig deB. Farris"

J. Haig deB. Farris
Director