



GGL RESOURCES CORP.

(formerly, GGL Diamond Corp.)

CONSOLIDATED FINANCIAL STATEMENTS

MAY 31, 2010

(UNAUDITED)

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

***NOTICE:** The Company's external auditors have not reviewed the attached unaudited interim Consolidated Financial Statements of GGL Resources Corp. for the period ended May 31, 2010.*

GGL RESOURCES CORP.

Consolidated Balance Sheets as at

	May 31, 2010 <u>(Unaudited)</u>	November 30, 2009 <u>(Audited)</u>
ASSETS		
Current		
Cash	\$ 50,984	\$ 162,962
Amounts receivable	346,206	25,052
Prepaid expenses	2,331	3,217
	399,521	191,231
Unproven mineral interests (Note 3)	16,120,784	16,842,998
Property and equipment (Note 4)	176,036	198,117
	\$ 16,696,341	\$ 17,232,346
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 670,583	\$ 345,993
Deferred revenues (Notes 3(f), 14(f))	44,700	44,700
	715,283	390,693
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	35,522,814	35,522,814
Contributed surplus (Note 7)	4,094,639	4,094,639
Deficit	(23,636,395)	(22,775,800)
	15,981,058	16,841,653
	\$ 16,696,341	\$ 17,232,346
Subsequent events (Note 14)		

On behalf of the Board:

“Raymond A. Hrkac”

Raymond A. Hrkac, Director

“Nick DeMare”

Nick DeMare, Director

GGL RESOURCES CORP.

Consolidated Statements of Operations and Deficit (Unaudited)

	For the three months ended		For the six months ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Expenses				
Amortization	\$ 379	\$ 528	\$ 758	\$ 1,053
Consulting fees	23,438	19,678	56,251	33,741
Corporate relations	1,010	-	1,010	-
Exploration costs - general	22,093	34,728	38,963	101,359
Legal and audit	1,666	2,039	(371)	4,826
Licences, taxes, insurance and fees	1,138	(277)	10,122	8,494
Office services and expenses	23,533	43,585	47,362	89,018
Shareholders' meetings and reports	859	1,035	1,615	1,760
Stock-based compensation	-	28,940	-	28,940
Travel	81	-	690	-
Operating loss	(74,197)	(130,256)	(156,400)	(269,191)
Other income (loss)				
Interest income	145	645	152	729
Foreign exchange gain (loss)	55	(218)	(152)	(378)
Gain on sale of property and equipment	1,479	-	1,479	230,368
Interest expense	(501)	(324)	(693)	(489)
Operator's fee	37,894	-	41,705	-
Sale of data set and technical support	-	-	-	104,850
Write off of exploration and unproven mineral interests	(606,508)	(1,524,323)	(746,686)	(1,918,132)
	(567,436)	(1,524,220)	(704,195)	(1,583,052)
Net loss and comprehensive loss for the period	(641,633)	(1,654,476)	(860,595)	(1,852,243)
Deficit, beginning of period	(22,994,762)	(19,070,277)	(22,775,800)	(18,872,510)
Deficit, end of period	\$ (23,636,395)	\$ (20,724,753)	\$ (23,636,395)	\$ (20,724,753)
Loss per share - basic and diluted	\$ (0.004)	\$ (0.011)	\$ (0.006)	\$ (0.013)
Weighted average number of common shares outstanding				
- basic and diluted	150,423,693	144,607,025	150,423,693	144,607,025

Please see the notes accompanying these financial statements.

GGL RESOURCES CORP.

Consolidated Statements of Cash Flows

(Unaudited)

	For the three months ended		For the six months ended	
	May 31, 2010	May 31, 2009	May 31, 2010	May 31, 2009
Cash flows used in operating activities				
Net loss and comprehensive loss for the period	\$ (641,633)	\$ (1,654,476)	\$ (860,595)	\$ (1,852,243)
Adjustment for items not involving cash:				
- amortization of property and equipment	379	528	758	1,053
- amortization of exploration property and equipment	9,212	12,021	18,802	24,091
- gain on sale of property and equipment	(1,479)	-	(1,479)	(230,368)
- stock-based compensation	-	28,940	-	28,940
- write off of exploration and unproven mineral interests	606,508	1,524,323	746,686	1,918,132
	(27,013)	(88,664)	(95,828)	(110,395)
Change in non-cash working capital items:				
- amounts receivable	(314,574)	74,220	(321,154)	114,070
- prepaid expenses	923	4,355	886	9,482
- accounts payable and accrued liabilities	328,001	(78,138)	359,404	(675,082)
	(12,663)	(88,227)	(56,692)	(661,925)
Cash flows from financing activities	-	-	-	-
Cash flows (used in) provided by investing activities				
Additions to deferred exploration costs	(53,224)	(101,095)	(59,286)	87,891
Option payment received	-	-	-	25,000
Proceeds from sale of property and equipment	4	-	4,000	405,100
	(49,224)	(101,095)	(55,286)	517,991
Decrease in cash	(61,887)	(189,322)	(111,978)	(143,934)
Cash, beginning of period	112,871	378,053	162,962	332,665
Cash, end of period	\$ 50,984	\$ 188,731	\$ 50,984	\$ 188,731

Please see the notes accompanying these financial statements.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
May 31, 2010
(Unaudited)

These notes should be read in conjunction with the Audited Consolidated Financial Statements for the year ended November 30, 2009.

1. Nature and Continuance of Operations

The Company changed its name from GGL Diamond Corp. to GGL Resources Corp. to better represent the Company's variety of assets. Trading under the new name began on September 8, 2009. There were no changes to the number of shares issued and outstanding or to the trading symbol.

The Company is in the exploration stage and, on the basis of information to date, does not yet have economically recoverable reserves. The underlying value of the mineral properties and related deferred costs is entirely dependent upon the existence of such reserves, the ability of the Company to obtain the necessary financing to develop the reserves and upon future profitable production.

The Company intends to continue its exploration programs. In light of negative cash flows from operating activities, operating losses accrued in the past years of \$23,636,395 and a negative working capital, the Company's ability to continue its exploration programs is dependent on its ability to secure additional financing. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future. Management is actively pursuing such additional sources of financing.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business. Realization values may be substantially different from the carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

2. Adoption of New Accounting Policies

Future Changes in Accounting Policies

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
 May 31, 2010
 (Unaudited)

3. Unproven Mineral Interests

	Balance November 30, 2009	2010 Mineral interests additions	2010 Exploration cost additions	2010 Written off	Balance May 31, 2010
Doyle Lake	\$ 1,298,973	\$ -	\$ 17,053	\$ -	\$ 1,316,026
Fishback Lake	829,945	-	2,394	-	832,339
CH	7,078,117	-	5,394	(606,508)	6,477,003
Providence Greenstone Belt	4,793,338	-	(19,861)*	(140,178)	4,633,299
McConnell Creek	2,842,625	-	19,492	-	2,862,117
	\$ 16,842,998	\$ -	\$ 24,472	\$ (746,686)	\$ 16,120,784

* See Note 3(d)

	Balance November 30, 2009	2010 Additions	2010 Written off	Balance May 31, 2010
Unproven mineral interests	\$ 541,132	\$ -	\$ (27,239)	\$ 513,893
Deferred exploration costs	16,301,866	24,472	(719,447)	15,606,891
	\$ 16,842,998	\$ 24,472	\$ (746,686)	\$ 16,120,784

Exploration costs incurred during the six months ended:

	May 31, 2010	May 31, 2009
Sampling	\$ 636	\$ 445
Licences, recording fees and lease payments	18,548	31,122
Project supplies	(49,362)	4,500
Salaries and wages	716	24,073
Surveying	-	6,500
Technical and professional services	53,310	154,620
Transportation	624	5,678
	\$ 24,472	\$ 226,938

GGL RESOURCES CORP.

Notes to Consolidated Financial Statements
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3. Unproven Mineral Interests, continued

(a) Doyle Lake, Northwest Territories, Canada

(i) Under the De Beers Agreement (“the Agreement”) dated May 25, 1995, De Beers has earned a 60% interest in the Doyle Lake Properties, which consist of 5 claims and 3 fractional claims (12,972 acres); and

(ii) in addition, the Company holds 17 claims (16,206 acres) in the Doyle Lake area that are not subject to the Agreement. 16 of these claims are leases.

(b) Fishback Lake, Northwest Territories, Canada

The Company owns 7 claims (13,301 acres). One of these claims is a mining lease.

(c) CH, Northwest Territories, Canada

In 2009 the Company signed an exploration and option agreement on 73 of its 121 CH claims in the Northwest Territories (10 of these claims (23,477 acres) were written off in 2009). Rio Tinto Exploration Canada Inc. (formerly, Kennecott Canada Exploration Inc.) must make payments totalling \$1,000,000 and incur cumulative expenditures of \$10,000,000 in order to earn a 100% interest, subject to a gross overriding royalty of 1.5% of the appraised value of all gem and industrial diamonds recovered, sorted and graded from the property and a 1.5% net smelter returns royalty on the net value of all ores, minerals, metals and materials except diamonds, mined and removed from the property and sold or deemed to have been sold. The payments and both royalties are payable to the Company. The Company received the first payment of \$25,000 in 2009.

During the period, 7 claims (16,657 acres) were allowed to lapse and the related costs of \$606,508 were written off.

(d) Providence Greenstone Belt, Northwest Territories, Canada

The Company owns 117 claims (259,739 acres) in the Providence Greenstone Belt area of the Northwest Territories. These claims lie within an extensive belt of rocks previously identified by a mapping project funded by the Geological Survey of Canada and reported as having the potential for hosting magmatic nickel mineralization. During the period, 13 claims (26,250 acres) were allowed to lapse and the related costs of \$140,178 were written off.

During the period, the Company sold some of its fuel inventory and core boxes for \$54,689.

(e) McConnell Creek, British Columbia, Canada

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

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Notes to Consolidated Financial Statements
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3. Unproven Mineral Interests, continued

(f) General exploration, Northwest Territories, Canada

In 2009 the Company signed a non-exclusive licence agreement for the use of its Slave Geological Province data set for diamond exploration for \$100,000 and would provide 500 hours of technical support at a price of \$50,000 prepaid. As at May 31, 2010, the amount of \$44,700 presented as deferred revenues represents the remaining hours of technical support. See Note 14(f).

4. Property and Equipment

	May 31, 2010		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	\$ 626,889	\$ 469,490	\$ 157,399
Office furniture and fixtures	61,741	43,104	18,637
	\$ 688,630	\$ 512,594	\$ 176,036

	November 30, 2009		
	Cost	Accumulated Amortization	Net book Value
Exploration equipment	\$ 626,889	\$ 452,001	\$174,888
Vehicle	10,500	7,979	2,521
Office furniture and fixtures	61,741	41,033	20,708
	\$ 699,130	\$ 501,013	\$ 198,117

During the period ended May 31, 2010, the Company sold the vehicle for \$4,000. The gain on the sale of the vehicle was \$1,479.

5. Share Capital

- (a) Authorized: unlimited common shares without par value;
- (b) 150,423,693 common shares issued (no changes during the period);
- (c) During the period ended May 31, 2010, 500,000 stock options expired unexercised;

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Notes to Consolidated Financial Statements
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5. Share Capital, continued

(d) At May 31, 2010, the Company had the following share purchase warrants outstanding:

<u>Number of warrants</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
2,855,000	\$0.40	Aug. 13, 2010
20,000	\$0.40	Aug. 18, 2010
710,000	\$0.10	Sept. 21, 2010
888,000	\$0.10/ \$0.20/ \$0.30	Aug. 20, 2012
<u>1,310,334</u>	<u>\$0.10/ \$0.20/ \$0.30</u>	<u>Sept. 21, 2012</u>
<u>5,783,334</u>		

No changes in warrants during the period ended May 31, 2010.

6. Stock Options

In 2006, the Company amended its Stock Option Plan to a 10% rolling plan whereby the Company may grant stock options to purchase up to 10% of the issued capital of the Company at the time of the grant of any option. Under the policies of the TSX Venture Exchange, options granted under the 10% rolling plan will not be required to include the mandatory vesting provisions required by the Exchange for fixed number stock option plans, except for stock options granted to investor relations consultants. Awarded stock options are exercisable over a period not exceeding five years at exercise prices determined by the Board of Directors.

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

Stock options outstanding as at May 31, 2010:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Options outstanding as at Nov. 30, 2009	14,133,333	\$0.21
Expired	(500,000)	\$0.16
Options outstanding as at May 31, 2010	13,633,333	\$0.22
2010 options exercisable	13,633,333	\$0.22
2009 options exercisable	10,288,333	\$0.35
		2010
		2009
Weighted average remaining contractual life	2.81 years	3.34 years
Weighted average fair value of options granted during the period	N/A	N/A

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7. Contributed Surplus

Contributed surplus for May 31, 2010 and 2009 is comprised of:

	2010	2009
Balance, beginning of the period	\$ 4,094,639	\$ 3,822,571
Stock-based compensation on repriced options	-	28,940
Balance, May 31,	\$ 4,094,639	\$ 3,851,511

8. Related Party Transactions

During the six months ended May 31, 2010, the Company was billed \$75,000 (2009 - \$75,000) by a director, including \$56,250 (May 31, 2009 - \$31,641) for consulting fees and \$18,750 (May 31, 2009 - \$43,359) for technical and professional services. Included in the May 31, 2010 accounts payable is \$282,447 (2009 - \$141,260) owed by the Company to the director. Transactions with related parties are measured at the exchange amount which is the amount agreed to by transacting parties.

9. Segmented Information

The Company is involved in mineral exploration and development activities, which are conducted in Canada. The Company is in the exploration stage and, accordingly, has no reportable segment revenues or operating results for each of the six months ended May 31, 2010 and 2009.

10. Financial Instruments and Risk Management

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

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

Credit risk

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

Currency risk

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

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10. Financial Instruments and Risk Management, continued

Interest rate risk

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

Liquidity risk

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

11. Supplementary Cash Flow Information

Non-cash operating, financing, and investing activities were conducted by the Company during the periods ended May 31, 2010 and 2009 as follows:

	<u>2010</u>	<u>2009</u>
Operating activities		
Accounts payable for deferred exploration costs	\$ <u>208,017</u>	\$ <u>174,185</u>
Financing activities	\$ <u>-</u>	\$ <u>-</u>
Investing activities		
Accounts payable for deferred exploration costs	\$ <u>(208,017)</u>	\$ <u>(174,185)</u>
Other supplementary cash flow information:		
Cash paid for interest charges	\$ <u>693</u>	\$ <u>489</u>
Cash paid for income taxes	\$ <u>-</u>	\$ <u>-</u>

12. Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to pursue the development of its mineral properties and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

In the management of capital, the Company includes the components of shareholders' equity as well as cash and cash equivalents.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents.

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

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13. Comparative Figures

Certain 2009 figures have been reclassified to conform to the presentation used in the current period.

14. Subsequent Events

Subsequent to May 31, 2010:

- (a) the Company granted 930,000 stock options to consultants. Each option entitles its holder to acquire one common share of the Company at \$0.10 per common share exercisable until June 24, 2015;
- (b) 50,000 stock options granted May 12, 2006 at an exercise price of \$0.26 were repriced to \$0.10 per common share;
- (c) 300,000 stock options granted July 31, 2007 at an exercise price of \$0.56 were repriced to \$0.10 per common share;
- (d) 600,000 stock options granted May 23, 2008 at an exercise price of \$0.20 were repriced to \$0.10 per common share;
- (e) 313,333 stock options expired unexercised; and
- (f) technical support for the data set expired June 19, 2010 and the balance of deferred revenues of \$44,700 was forfeited to the Company.