



Glass Earth Limited
2005 Annual Report

Looking for
ELEPHANTS



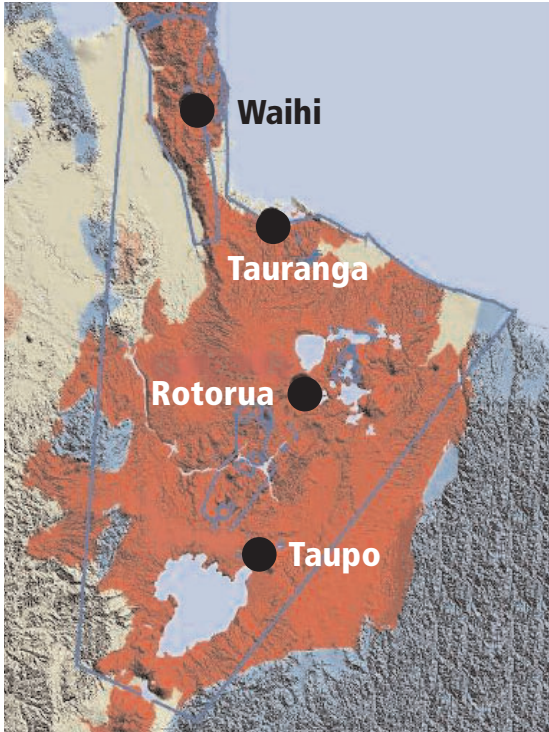
Glass Earth Limited



GLASS EARTH LIMITED has put together one of the largest gold exploration plays ever in New Zealand, but more important, has assembled a land package considered by some to be one of the last frontiers for the discovery of large “elephant” gold deposits.



Target Area Geology



Annual Meeting

The Annual Meeting will be held on Wednesday, November 30 at 11:00 am at the offices of Salley Bowes Harwardt LLP, 1185 West Georgia Street, Suite 1750, Vancouver, B.C. V6E 4E6.



“Looking for ELEPHANTS”

President's Report to Shareholders

I am pleased to present my report on the Company's activities for the year ended May 31st, 2005 and to lay out our plans for the remainder of 2005 and 2006.

The year ending May 31st, 2005 saw monumental changes in the direction of your Company from a sleepy magazine/publishing company cum cash shell into a dynamic exploration company looking for gold in New Zealand. We were very fortunate to enter into a Reverse Take Over transaction with Glass Earth Limited who had put together one of the largest gold exploration plays ever in New Zealand, but more importantly, assembled a land package in what I consider to be one of the last frontiers for the discovery of large multi million ounce "elephant" gold deposits.

We spent most of the year putting together the Reverse Take Over transaction. These corporate deals are always time consuming and complicated but we did get it done and we did go and raise the \$2.8 million for the First Phase Exploration Program and General Corporate Expenses.

Glass Earth is a unique and exciting Company from a number of aspects:

- Firstly it has this large land position that started off at over 12,000 square kilometres and was subsequently reduced to just over 9,000 square kilometres. It is very hard to get a grip on the actual size of this land package but it is a triangle with a base of some 200 kilometres and a height of 90 kilometres and covers a considerable part of the North Island of New Zealand. By simple logic, the larger the land position the greater the chances of potential opportunities to discover a large gold deposit. In layman's language - "you look for elephants in elephant country".

- Underneath this large land position lie some very prospective rocks that are covered with a veneer of volcanic ash from eruptions that have taken place over the last 250,000 years. We know these rocks are prospective because the very same rocks where they are exposed on the North Island contain the 10 million ounce Martha/Waihi Mine (an "elephant:" in anyone's books) and at least another three, one million ounce gold deposits.
- What makes this Glass Earth project unique is the vast amounts of legacy geological, geographical and scientific data that has been accumulated over this area literally over the last one hundred years. Glass Earth saw the value and opportunity to use this data which probably cost tens of millions of dollars to collect and decades to assemble and at the same time had a unique solution to handle these vast amounts of data in what appeared to be a never ending and a very disparate collection of data sets. They brought in Geoinformatics Exploration Inc. who have the in-house technology and access to other technologies, software, proprietary computer tools and geological "smarts" to bring all this data into one multi-dimensional data base that can be modeled to produce geological targets that replicate existing geological signatures like the Martha/Waihi Mine gold deposit. Out of this Geoinformatics exercise came 29 priority gold exploration areas in the Glass Earth land package many of which replicated the Martha/Waihi deposit signature.
- After Geoinformatics were finished compiling, collating and modeling these databases, together with the highly skilled and domain experienced Glass Earth management team, it was decided that newer more detailed and higher resolution geological data sets would be required to convert these



conceptual Geoinformatics priority gold exploration areas to drilling areas. Of particular note was the enormous advancement and improvements that had taken place in the collection, manipulation and interpretation of geological data, particularly with the advent of high powered computing since the legacy data sets had been collected. To this end Glass Earth commenced two airborne geophysical surveys over the majority of the 9,000 square kilometre land position incorporating the priority gold exploration areas. These surveys included the most ultra-detailed airborne gravity program ever flown in New Zealand and one of the largest and most detailed airborne magnetic surveys. Heady stuff for a junior gold exploration company!

- The results were very encouraging. A total of 106 drilling target areas were identified. These were reviewed, studied and ranked and a total of 21 were chosen to take to the next stage of gold exploration. This involves getting onto the ground, negotiating Access Agreements, as required by New Zealand legislation with land owners, undertaking ground geophysical surveys (resistivity) and geochemical sampling. The combination of these will result in targets that are ready for siting drills because it is ultimately the drill bit that finds the deposit.

Going forward Glass Earth has taken out six Exploration Permits over these 21 targets. This is the next step in the New Zealand exploration permitting process and at the same time the Company retained the existing Prospecting Permits because there is so much that still has to be looked at. For the balance of 2005 and early 2006, we will be tied up in the Access negotiations phase plus the ground exploration programs. April 2006 is our target to start drill testing our drill targets and this is when things really get exciting!

We are now in October 2005 and the mineral exploration companies still do not have a significant new discovery in this "Exploration Cycle". I believe that the Glass Earth Project on the North Island of New Zealand has this potential to discover the "elephant" that all of us in the exploration industry strive so hard to find.

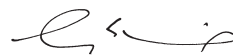
The gold price continues to be getting firmer as we approach the last quarter in 2005 and this bodes well for the gold exploration business. A gold discovery coupled with an ever increasing gold price is a dream come true.

Corporately, Glass Earth has taken a number of new steps. A full office with associated infrastructure has been established in Wellington, New Zealand to accommodate our management team. We have our own dedicated exploration team lead by Simon Henderson, VP Exploration and Chief Operating Officer. We have recently established a Toronto office at 357 Bay Street and we are in the process of seeking a dual listing on the New Zealand Stock Exchange which will give access to New Zealanders to acquire Glass Earth shares on a local stock exchange. We will make them "gold bugs" yet.

Our strategy is to be one of the premier gold explorers in the world and more particularly in New Zealand, using the most innovative and technologically advanced methods. We are committed to work in a safe environment and treat our shareholders, employees and stakeholders in the most acceptable way.

None of the above would be possible without the hard work, support and vision of our partners and New Zealand stakeholders and in particular the Crown Minerals Department, who in 2002 took the leap of faith and granted Glass Earth the Prospecting Permits that today form the Glass Earth Project. A lot has happened in these past three years and a lot of ground covered, literally and figuratively, but for us it is just the beginning.

In conclusion, I would like to take this opportunity to express my appreciation to the friends and employees of Glass Earth Limited for a year of hard work and dedicated services. I would also like to thank the shareholders and stakeholders of Glass Earth Limited and the Glass Earth Project for their loyal support, and the directors of Glass Earth for their time, wisdom and guidance.



Glenn Laing

President and Chief Executive Officer

October 5, 2005
Toronto, Canada



Exploration Properties of Glass Earth

The Glass Earth exploration properties consist of two prospecting permits over the Coromandel/Central Volcanic Region (CCVR) of the North Island of New Zealand, covering approximately 9,000 square kilometres. Applications are pending for six Exploration Permits within the Prospecting Permit Areas.

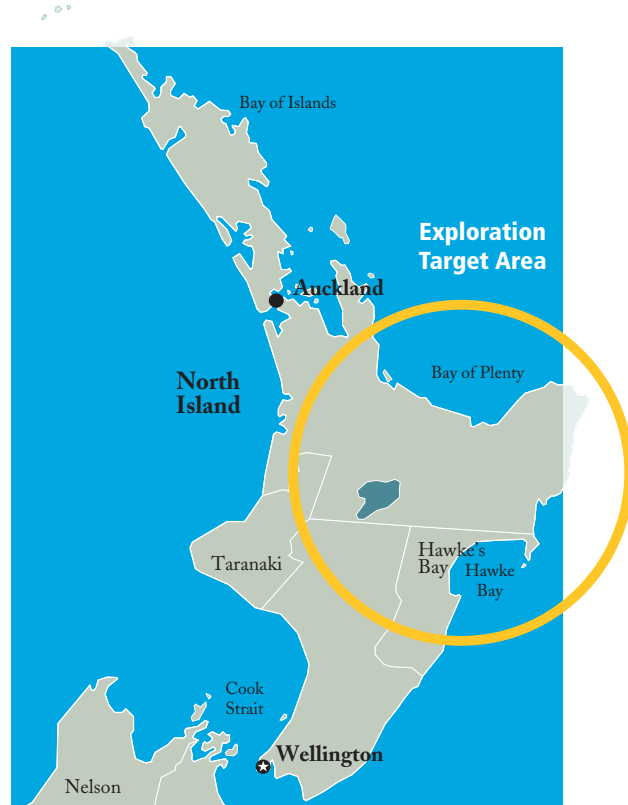
The Coromandel region hosts over 50 historic and current gold-silver mines, (including the 10 million ounce Waihi Mine that is currently operated by Newmont Mining Corporation) while the CCVR is data rich with over 100 years of scientific data collected in relation to geothermal systems, mineral exploration, dam construction, tunnelling, and various other endeavours.

Exploration Program

The CCVR epithermal gold deposits are part of the Pacific-rim magmatic arc gold deposits formed on active plate boundaries at shallow levels (less than one kilometre) and at low temperatures (less than 300 degrees C). Studies have shown that the geothermal systems of the North Island are similar to those responsible for the epithermal deposition of major gold and silver deposits of the Coromandel area 10-20 million years ago.

Gold exploration in the CCVR has been sporadic. In general, thick sequences of cover including from the AD186 Taupo eruption have covered prospective stratigraphic horizons.

Glass Earth's methodology has been to probe beneath the blanket of young volcanic ash/ignimbrite masking the CCVR using airborne high density data collection techniques and a newly developed but proven 3D processing technology to discover buried epithermal gold mineralization.



Glass Earth and Geoinformatics Exploration Australia Pty Ltd. ("Geoinformatics") carried out a comprehensive process of data compilation, data processing, and collation of an enormous wealth of disparate data into a coherent physical 3D model which has delivered several important new geological features relevant to the localization of epithermal mineral processes. With clear indications that volcanicity (and by implication, mineral deposition) has continued from 9 million years to the present across the breadth of the CCVR, the location of a new series of volcanic centers (calderas) across this geographic domain, strongly reinforces the concept of this region having the potential to host a number of epithermal systems capable of generating a world class gold deposit lying under shallow cover.



A total of 29 ranked and scored gold exploration targets were identified on Glass Earth's exploration properties. On the basis of a rigorous set of data surrounding the Martha/Waihi Gold deposit, several highly ranked targets exhibited Martha/Waihi-type signatures, and are of apparent size and geological signature sufficient to host a world class epithermal gold deposit. Lower ranked targets have criteria which indicate they have similar potential, but have insufficient data to be definitive.

The modelling and interpretation of the existing Hauraki gold deposits (in particular the world class Martha/Waihi Gold Mine) has demonstrated that the key mineral alteration and structure that have focused gold mineralization are clearly identifiable in detailed magnetic and gravity datasets.

Geophysical Surveying

As the majority of the known gold deposits and target areas lie along the margins of gravity highs, within horst blocks and footwall margins of calderas, Glass Earth undertook a 6,000 line kilometre ultra detailed gravity survey and a 40,000 line kilometre magnetic geophysical survey to provide detailed information on the key target areas identified in this area. In addition, radiometrics and thermometry were collected to integrate with ultra-detailed laser scanning topographic data.

The resultant drill target area identification process resulted in a suite of 106 anomalies within the target areas, of which 21 drill target areas were ranked and scored for further field examination and follow-up exploration. The most prospective of these target areas have been converted to Exploration Permits for intensive on-ground exploration.

The expenditure for the Phase 1 work program was as follows:

Airborne Geophysical Surveying and Interpretation	C\$1,650,000
Geological Surveying	C\$60,000
Geochemical Surveying	C\$175,000
<i>Total Phase 1 Program</i>	<i>C\$1,885,000</i>

Phase 2 Work Program

The Phase 2 exploration program deals solely with the process of identifying and drilling out a gold resource within each individual Exploration Permit area.

The exploration phase will involve land-based activities, which will require Glass Earth reaching agreement with landowners and occupiers as to land access arrangements as provided for under the Crown Minerals Act 1991 and the Resource Management Act 1991.

The principal method of exploration is likely to be by rotary air blast drilling ("RAB"), reverse circulation drilling ("RC") and diamond drilling ("DDH").

Individual anomalies within each Exploration Permit will be subject to a field reconnaissance-mapping program, resistivity surveys and geochemical sampling to ascertain the drilling locations.

On each anomaly, RAB drilling will be employed to penetrate overburden and cover rocks to vector in on anomalous zones likely to represent mineralized structures.

It is estimated that the Phase 2 work program would cost \$1.9 million (which includes sampling and analytical costs).

Phase 3 Work Program

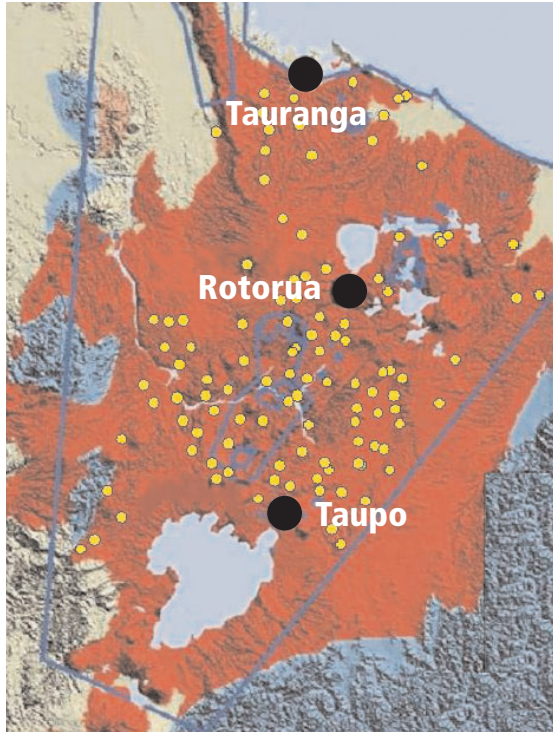
To advance these targets to a resource delineation phase using RAB drilling and RC/DDH drilling, estimated costs are \$4.6 million (which includes sampling and analytical costs).

It is estimated that the Phase 2 and 3 exploration programs will be staged over a two year period following the completion of the Phase 1 program (April 2006), subject to financing, access and resource consent processes.

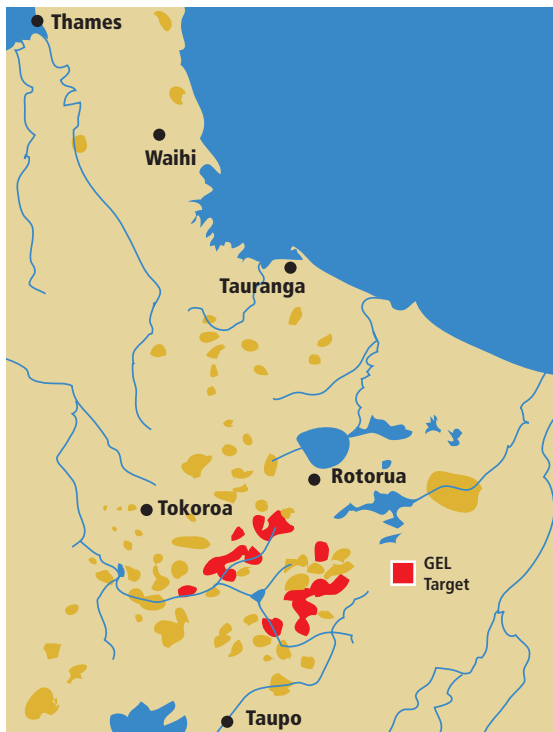
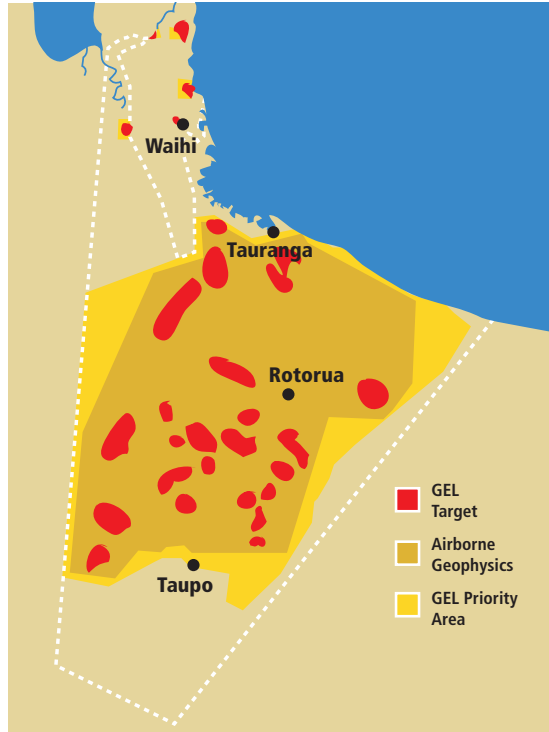




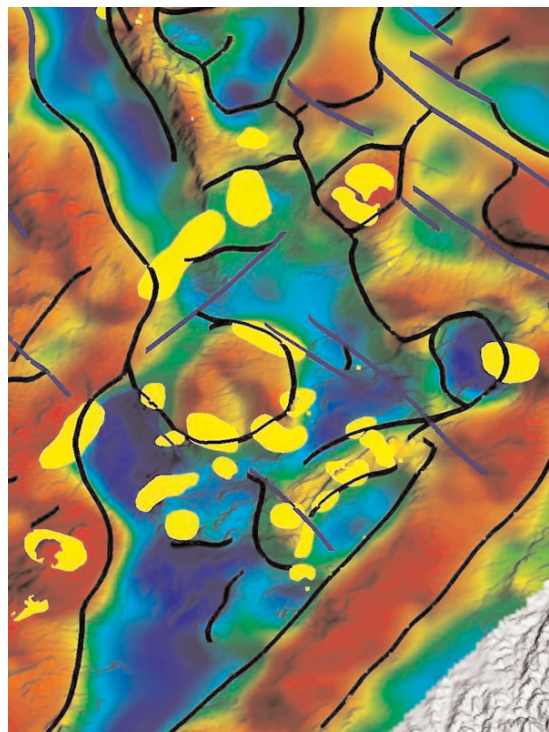
Gold Targets



Drill Target Areas



Geological Targets



Target Images

Glass Earth Limited



Corporate Information

Board of Directors

W. Frederick Christensen¹
Tuckerstown, Bermuda

Richard Billingsley¹
Surrey, British Columbia

Glenn Laing²
President and Chief Executive Officer
Oakville, Ontario

Simon Henderson²
Vice-President Exploration and Chief Operating Officer
Wellington, New Zealand

Peter Liddle, CA^{1,2}
Chief Financial Officer and Secretary
Auckland, New Zealand

¹ Audit Committee
² Executive Committee

Officers and Senior Management

Glenn Laing
President and Chief Executive Officer

Peter Liddle, CA
Chief Financial Officer and Secretary

Gary Leonard, CA
Vice President of Finance

Simon Henderson
Vice-President Exploration and Chief Operating Officer

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Share Listing

Toronto Stock Exchange
- Venture
Trading Symbol "GEL"

Issued and Outstanding

57,237,634
common shares
(64,281,134 fully diluted)
at May 31, 2005

Conversion Factors

1 foot = .3048 metres
1 mile = 1.6093 kilometres
1 sq. mile = 2.59 sq. kilometres
1 sq. km = 100 hectares
1 hectare = 2.47 acres
1 sq. mile = 640 acres
1 acre = .4047 hectares
1 troy ounce = 31.1035 grams
1 ton = .90718 tonnes
1 ton = 2000 pounds
1 pound = .4536 kilograms
1 ounce/ton = 34.2857 grams/tonnes

Printed in Canada on recycled paper
using vegetable based inks.

Production: Walter J. Mishko & Co. Inc.
Design: Goodhoofd Inc.

www.glassearthlimited.com

