

GLASS EARTH GOLD LIMITED

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GLASS EARTH GOLD LIMITED

**Suite 500, 357 Bay Street
Toronto, Ontario M5H 2T7**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an annual meeting of the shareholders of Glass Earth Gold Limited (hereinafter called the "**Company**") will be held at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia on:

Friday, the 27th day of June, 2008

at the hour of 2.00pm (Vancouver time) for the following purposes:

1. to receive the audited financial statements of the Company for the year ended December 31, 2007, together with the report of the Auditors thereon;
2. to appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration;
3. to determine the number of directors and to elect directors;
4. to consider and, if thought fit, to approve the Company's stock option plan, which makes a total of 10% of the issued and outstanding shares of the Company available for issuance thereunder, as described in the accompanying Management Information Circular dated May 16th, 2008.
5. to transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

This notice is accompanied by a Form of Proxy, a Management Information Circular and the Audited Financial Statements of the Company for the year ended December 31, 2007. A shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy holder to attend and vote in his stead. If you are unable to attend the Meeting, or any adjournment thereof in person, please read the Notes accompanying the Form of Proxy enclosed herewith and then complete and return the Proxy within the time set out in the Notes so that as large a representation as possible may be had at the meeting. The enclosed Form of Proxy is solicited by Management but, as set out in the Notes, you may amend it if you so desire by striking out the names listed therein and inserting in the space provided the name of the person you wish to represent you at the Meeting.

DATED at Vancouver, British Columbia, this 16th day of May, 2008.

BY ORDER OF THE BOARD

(Signed) "Simon Henderson"

Chief Executive Officer, President and Director

GLASS EARTH GOLD LIMITED

Suite 500, 357 Bay Street
Toronto, Ontario M5H 2T7

MANAGEMENT INFORMATION CIRCULAR AS AT AND DATED MAY 16th, 2008

This Management Information Circular accompanies the Notice of the 2008 Annual Meeting of shareholders of Glass Earth Gold Limited (hereinafter called the "Company"), and is furnished in connection with a solicitation of proxies for use at that Meeting and at any adjournment thereof.

Solicitation of Proxies

THIS INFORMATION CIRCULAR IS FURNISHED IN CONNECTION WITH THE SOLICITATION BY THE MANAGEMENT OF GLASS EARTH GOLD LIMITED OF PROXIES TO BE USED AT THE ANNUAL MEETING OF SHAREHOLDERS OF THE COMPANY AND ANY ADJOURNMENT THEREOF (THE "MEETING") TO BE HELD AT THE TIME AND PLACE AND FOR THE PURPOSES SET FORTH IN THE ENCLOSED NOTICE OF MEETING. References in this management information circular to the "Meeting" include references to any adjournment thereof. It is expected that the solicitation will be primarily by mail, but proxies may also be solicited personally by regular officers or employees of the Company at nominal cost. The cost of solicitation by management will be borne directly by the Company.

Appointment and Revocation of Proxies

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON TO REPRESENT HIM OR HER AT THE MEETING MAY DO SO** either by inserting such person's name in the blank space provided in that form of proxy or by completing another proper form of proxy. To be effective, proxies for the Meeting must be delivered by mail or fax to the transfer agent of the Company, Computershare Investor Services Inc., 3rd Floor, 510 Burrard Street, Vancouver, B.C., Attention: Proxy Department (Fax: 604-661-9401) not later than 48 hours before the time of holding the Meeting. The Chairman of the Meeting will have the discretion to accept or reject proxies delivered up to the time of the Meeting.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the shareholder or by his attorney authorized in writing, and deposited with Computershare Investor Services Inc. not later than 48 hours before the time of holding the Meeting, or with the Chairman of the Meeting on the day of the Meeting, or in any other manner permitted by law.

Voting of Proxies

Shares represented by properly executed proxies in favour of persons designated in the printed portion of the enclosed form of proxy **WILL BE VOTED FOR EACH OF THE MATTERS TO BE VOTED ON BY SHAREHOLDERS AS DESCRIBED IN THIS INFORMATION CIRCULAR OR WITHHELD FROM VOTING OR VOTED AGAINST IF SO INDICATED ON THE FORM OF PROXY. WHERE NO CHOICE IS SPECIFIED, THE PROXY WILL CONFER DISCRETIONARY AUTHORITY TO BE VOTED IN FAVOUR OF EACH MATTER FOR WHICH NO CHOICE HAS**

BEEN SPECIFIED. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, or other matters which may properly come before the Meeting. At the time of printing this information circular management of the Company knows of no such amendments, variations or other matters to come before the Meeting.

Non-Registered Holders

Only registered shareholders of the common shares of the Company (the "**Common Shares**") or the persons they appoint as their proxies are permitted to vote at the Meeting. However, in many cases, shares beneficially owned by a holder who is not a registered holder (a "**Non-Registered Holder**") are registered either: (i) in the name of an intermediary with whom the Non-Registered Holder deals in respect of the Common Shares such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans (an "**Intermediary**"); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited of which the Intermediary is a participant). In accordance with the requirements of National Instrument 54-101, the Company will distribute copies of the Notice of Meeting, form of proxy and this information circular to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are then required to forward the materials to the appropriate Non-Registered Holders unless the Non-Registered Holder has waived the right to receive them. Generally, Non-Registered Holders who have not waived the right to receive materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Holders, but which is otherwise not completed. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Holders when submitting the proxy. In this case, the Non-Registered Holders who wishes to submit a proxy should otherwise properly complete the form of proxy and **deposit it with the Company's transfer agent as provided above; or**
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the Non-Registered Holders and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "proxy authorization form") which the Intermediary must follow. Typically, the proxy authorization form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the proxy authorization form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label containing a bar-code and other information. In order for the form of proxy to validly constitute a proxy authorization form, the Non-Registered Holders must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and return it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the shares which they beneficially own. Should a Non-Registered Holders who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holders should strike out the names of the Management Proxy holders named in the form and insert the Non-Registered Holders' name in the blank space provided. **In any event, Non-**

Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.

Voting Securities and Principal Holders Thereof

The authorized capital of the Company consists of an unlimited number of Common Shares. There is one class of shares only. As of the date hereof, the Company had issued and outstanding **154,902,633** Common Shares.

The Company shall make a list of all persons who are registered holders of Common Shares on April 29, 2008 (the "**Record Date**") and the number of Common Shares registered in the name of each person on that date. At an Annual Meeting of the Company, on a show of hands, every shareholder present in person and entitled to vote and every proxy holder duly appointed by a holder of a common share who would have been entitled to vote shall have one vote and on a poll, every shareholder present in person or represented by proxy and entitled to vote shall have one vote for each share registered in his name as it appears on the list except to the extent that such shareholder has transferred any of his shares after the Record Date and the transferee of those shares produces properly endorsed share certificates or otherwise establishes that he owns the shares and demands, not later than ten days before the Meeting, that his name be included in the list. In such case the transferee is entitled to vote his Common Shares at the Meeting. The instrument of proxy, and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof, must be deposited either at the office of the Registrar and Transfer Agent of the Company, Computershare Investor Services Inc, 3rd Floor, 510 Burrard Street Vancouver, B.C. V6C 3B9, or at the Head Office of the Company at Suite 500, 357 Bay Street, Toronto, Ontario M5H 2T7 not less than 48 hours, Saturdays and holidays excepted, prior to the time of the holding of the Meeting or any adjournment thereof.

To the knowledge of the directors and senior officers of the Company, as of the date hereof, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to the Common Shares other than:

Name and Municipality of Residence	Number of Securities	Percentage of Shares
St Andrew Goldfields Ltd Oakville, Ontario, Canada	36,085,999 common shares	23.3%
Herbert Abramson, Toronto, Ontario	21,323,000 common shares	13.8%

FINANCIAL STATEMENTS

The audited financial statements of the Company for the year ended December 31, 2007 (the "Financial Statements"), together with the Auditors' Report thereon, will be presented to the shareholders at the Meeting. The Financial Statements, together with the Auditors' Report thereon, are being mailed to the shareholders of Record with this Management Information Circular.

PARTICULARS OF MATTERS TO BE ACTED UPON

Election of Directors

Management proposes that the number of directors for the Company be determined at six (6) for the ensuing year, subject to such increases as may be permitted by the Articles of the Company. Each director will hold office until the next annual meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the articles of the Company.

At the Meeting, shareholders will be asked to elect six directors (the "**Nominees**"). The following table provides the names of the Nominees and information concerning such Nominees. **The persons named in the enclosed form of proxy intend to vote for the election of the Nominees.** Management does not contemplate that any of the Nominees will be unable to serve as a director. IN THE EVENT THAT PRIOR TO THE MEETING ANY VACANCIES OCCUR IN THE SLATE OF NOMINEES HEREIN LISTED, IT IS INTENDED THAT DISCRETIONARY AUTHORITY SHALL BE EXERCISED BY THE PERSONS NAMED IN THE PROXY AS NOMINEES TO VOTE THE SHARES REPRESENTED BY PROXY FOR THE ELECTION OF ANY OTHER PERSON OR PERSONS AS DIRECTORS.

Management nominees for the Board of Directors and information concerning them as furnished by the individual nominees is as follows:

NAME AND MUNICIPALITY OF RESIDENCE	DIRECTOR SINCE	NUMBER OF SHARES BENEFICIALLY OWNED, DIRECTLY OR INDIRECTLY, OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED AT THE DATE OF THIS INFORMATION CIRCULAR ⁽¹⁾	PRINCIPAL OCCUPATION AND IF NOT AT PRESENT AN ELECTED DIRECTOR, OCCUPATION DURING THE PAST FIVE (5) YEARS
Simon Henderson Wellington, New Zealand	March 31, 2005	5,688,000	President, Chief Executive Officer and a director of the Company
Peter Liddle ⁽²⁾ Auckland, New Zealand	March 31, 2005	2,500,000	Chief Financial Officer, Secretary and a director of the Company
John Dow ^{(2) (3)} Nelson, New Zealand	February 24, 2006	500,000	An independent director of private and listed public companies
Richard Billingsley ⁽³⁾ Vancouver, British Columbia, Canada	May 18, 2004	Nil	Self employed consultant and Explorationist; Director, Southern Hemisphere Mining Limited, Luiiri Gold Limited
Stephen Burns ⁽²⁾ Toronto, Ontario, Canada	November 29, 2006	Nil	Director of St Andrew Goldfields Ltd
Paul C. Jones Golden Colorado, USA	November 29, 2006	Nil	Executive Vice-President of St Andrew Goldfields Ltd., President Sovereign Management Group Limited

- (1) The information as to Common Shares owned or over which the Nominees exercise control or direction, not being within the knowledge of the Company, has been furnished by the respective Nominees.
- (2) A member of the Audit Committee.
- (3) A member of the Compensation Committee.

IF ANY OF THE FOREGOING NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR, PROXIES IN FAVOUR OF MANAGEMENT WILL BE VOTED FOR ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY THAT HIS COMMON SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS.

Appointment of Auditors

Unless such authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the appointment of the firm of KPMG, Chartered Accountants, as auditors of the Company until the close of the next annual meeting of shareholders and to authorize the directors to fix their remuneration. KPMG have been the Company's Auditors since November 29, 2006, prior to which SF Partnership LLP were the Company's Auditors since 2004.

Approval of Rolling Stock Option Plan

At last year's Annual General Meeting held on June 27, 2007, the shareholders approved a rolling stock option plan (the "Stock Option Plan"), authorizing the issuance of incentive stock options to directors, officers, employees and consultants up to an aggregate of 10% of the issued shares from time to time. The policies of the TSX Venture Exchange require the shareholders to approve the Stock Option Plan each year. There are currently 154,902,633 common shares issued and outstanding, therefore the current 10% threshold is 15,490,263 common shares under the Stock Option Plan.

Accordingly, the shareholders will be asked to pass the following ordinary resolution at the Meeting:

"BE IT RESOLVED THAT:

1. the Stock Option Plan be and is hereby ratified and approved; and
2. any director or officer of the Company is hereby authorized to execute (whether under the corporate seal of the Company or otherwise) and deliver all such documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable in connection with such ratification and approval, the execution of any such document or the doing of any such other act or thing by any director or officer of the Company being conclusive evidence of such determination."

Unless such authority to do so is withheld, the persons named in the accompanying proxy intend to vote for the foregoing resolution.

EXECUTIVE COMPENSATION

Compensation of Executive Officers

For purposes of this Management Information Circular, "Named Executive Officers" means each individual who served as chief executive officer or acted in a similar capacity during the most recently completed fiscal period, each individual who served as chief financial officer or acted in a similar capacity during the most recently completed fiscal period, each of the Company's three most highly compensated executive officers (other than the chief executive officer and the chief financial officer) who were serving as executive officers at the end of the most recently completed fiscal period and whose total salary and bonus exceeds \$150,000. In addition, disclosure is also required for certain individuals whose total salary and bonus during the most recent fiscal period was \$150,000, whether or not they are an executive officer at the end of the most recently completed fiscal period.

During the year ended December 31, 2007, the Company had three Named Executive Officers: Glenn Laing, Chief Executive Officer, Peter Liddle, Chief Financial Officer and Simon Henderson, VP Exploration.

The following table summarizes the compensation paid to the Named Executive Officers during the last three fiscal periods.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR END	ANNUAL COMPENSATION			Long Term Compensation	ALL OTHER COMPENSATION (\$)
		SALARY (\$)	BONUS (\$)	OTHER	SHARES UNDER OPTION	
GLENN LAING Chief Executive Officer	Dec 2007	60,000	Nil	Nil	Nil	Nil
	Dec.2006 (Note 3)	18,136	Nil	Nil	490,000	Nil
	May 2006	33,000	Nil	Nil	1,250,000	Nil
PETER LIDDLE Chief Financial Officer	Dec 2007	137,408	Nil	15,000 (Note 2)	500,000	Nil
	Dec. 2006(Note 3)	64,830	Nil	n/a	500,000	Nil
	May 2006	44,535	Nil	n/a	1,250,000	Nil
SIMON HENDERSON COO/VP EXPLORATION	Dec 2007	169,734	38,445	18,600 (Note 2)	1,000,000	Nil
	Dec 2006 (Note 3)	82,982	Nil	n/a	1,000,000	Nil
	May 2006	133,132	Nil	n/a	2,500,000	Nil

Note 1: Certain columns are omitted because there has been no compensation awarded to, earned by or paid to any of the named executives required to be reported in the above table.

Note 2: The provision of a company vehicle constitutes 86% of these benefits.

Note 3: Partial year (7 months) due to change of Company's fiscal year end from May 31 to December 31.

Long Term Incentive Plan (LTIP) Awards

The Company does not have a LTIP, pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities), was paid or distributed to the Named Executive Officers during the most recently completed year ended December 31, 2007.

Options and Stock Appreciation Rights (SARs)

The Company currently maintains a formal stock option plan, under which stock options may be granted for up to 10% of the Company's issued and outstanding common shares at the time of grant of stock options under the Stock Option Plan.

OPTIONS/SARs GRANTED DURING THE MOST RECENTLY COMPLETED YEAR

Stock options granted to the Named Executive Officers during the year ended December 31, 2007 are provided in the table below:

Name	Securities Under Options/SARs Granted (#)	% of Total Options/SARs Granted to Employees in Fiscal period⁽¹⁾	Exercise or Base Price (Cdn.\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (Cdn.\$/Security)	Expiration Date
GLENN LAING	Nil	0%	-	-	-
PETER LIDDLE	250,000 250,000	13.5%	C\$0.18 C\$0.20 (NZ\$0.26)	C\$0.18 C\$0.20	27 Mar 2012 20 Dec 2012
SIMON HENDERSON	250,000 750,000	27.0%	C\$0.18 C\$0.20 (NZ\$0.26)	C\$0.18 C\$0.20	27 Mar 2012 20 Dec 2012

(1) Based on the total number of options granted to directors/officers/consultants of the Company pursuant to the stock option plan during the year ended December 31, 2007.

No Named Executive Officer exercised an option during the most recently completed financial year.

The Company did not reprice downward any options held by any Named Executive Officer during the most recently completed financial year.

Termination of Employment, Changes in Responsibilities and Employment Contracts

The Company has employment contracts with the current Named Executive Officers, and other senior officers, as follows:

1. Effective April 1, 2005, the Company entered into an employment contract with Mr. Simon Henderson (Vice President, Exploration and Chief Operating Officer) pursuant to which Mr. Henderson is currently entitled to compensation of New Zealand Dollar 220,000 per annum. Mr. Henderson's employment contract provides that:
 - a. Up to 24 months base salary may be payable upon the occurrence of certain restructuring and "change of control" events, or should his employment be terminated without just cause; and
 - b. A success fee of 2% of the value of the Company's retained equity in any mine/resource put into production (up to a maximum of NZ\$2 million per discovery) may be payable.
2. Effective May 15, 2006, the Company entered into an employment contract with Mr. Peter Liddle (Chief Financial Officer and Secretary) pursuant to which Mr. Liddle is currently entitled to compensation of New Zealand Dollar 180,000 per annum. Mr. Liddle's employment contract provides that up to 12 months base salary may be

payable upon the occurrence of certain restructuring and “change of control” events, or should his employment be terminated without just cause.

Other management services for the Company are not, to any material degree, performed by persons other than the senior officers of the Company.

No pension plan or retirement benefit plans have been instituted by the Company and none are proposed at this time.

Composition of Compensation Committee

Report on Executive Compensation

The Company attempts to apply a consistent compensation philosophy to all employees, including its executive officers. Individual performance is measured against development objectives and the degree to which teamwork and the Company’s interests are promoted. The Company attempts to achieve a balance between the compensation paid to a particular individual and the compensation paid to other employees and executive officers having similar levels of responsibility within the Company. The Company also attempts to compare its compensation for its executive officers and employees with what similar companies in the market place are paying for similar services. Due to the early stage of the Company’s development programs, the flexibility to quickly increase or decrease appropriate human resources is seen as a critical element. The Company’s compensation system consists of two components: cash and stock options.

Pursuant to the Company’s stock option plan (the “**Plan**”), directors, officers and employees of the Company and other persons who provide ongoing management or consulting services to the Company are eligible to be granted by the Board or the Compensation Committee, options to acquire Common Shares. The Plan is intended to provide eligible persons with an opportunity to participate in the growth and development of the Company by providing such persons with the opportunity to acquire a proprietary interest in the Company. Options are granted in recognition of individual services and to encourage participants to increase their efforts to make the Company more successful. Options are granted at an exercise price equal to or above the prevailing market price of the Common Shares at the time of grant. The maximum aggregate number of shares that may be issued and reserved for issuance under the Plan, when combined with any other share compensation arrangement of the Company, shall not exceed 10% of the Company’s issued and outstanding Common Shares at the date of such share issuance. The existing number of outstanding options held by an individual is also considered when a new grant of options is made. Upon exercise of an option, the Common Shares thereby purchased must be paid for in full. The Company does not provide financial assistance in connection with the exercise of options.

The Company is focused on the implementation of improved financial reporting and corporate governance policies and procedures. The Compensation Committee will include these factors together with other relevant objectives and information in its evaluations.

The members of the Compensation Committee are:

John Dow
Richard Billingsley

Compensation of Directors

Directors are not paid any fees in their capacity as directors of the Company. Directors are entitled to participate in the Company's stock option plan. The stock option plan is designed to give each option holder an interest in preserving and maximizing shareholder value in the longer term. Individual grants are determined by an assessment of an individual's current and expected future performance, level of responsibilities and the importance of his/her position and contribution to the Company. Non-executive directors were granted 200,000 options each at an exercise price of C\$0.18 per option during the year ended December 31, 2007.

Other Arrangements

None of the directors of the Company were compensated in their capacity as a director by the Company during the year ended December 31, 2007 pursuant to any other arrangement or in lieu of any standard compensation arrangement except for:

- a) During the year, \$12,000 was paid to non-executive director Mr. R Billingsley for additional duties of a technical nature (seven months ended December 31, 2006: \$7,000).
- b) During the year no compensation was paid to non-executive director Mr. J. Dow (7 months ended December 2006: \$7,630 for additional duties undertaken by him in relation to fund raising in New Zealand and the subsequent listing of the Company's shares on the New Zealand Exchange's Alternative Exchange (NZAX)).

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets out the outstanding options under the Company's existing Stock Option Plan under which common shares of the Company are authorized for issuance as of the end of the Company's most recently completed fiscal period.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by security holders	14,245,000	0.1683	959,263
Equity compensation plans not approved by security holders	N/A	N/A	N/A
TOTAL	14,245,000	0.1683	959,263

Indebtedness of Directors and Executive Officers

None of the directors or executive officers of the Company or any of their associates were indebted to the Company during the year ended December 31, 2007, including under any securities purchase or other program, or is currently indebted to the Company.

Interest of Informed Persons in Material Transactions

No Insider of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing, has any material interest, direct or indirect, in any material transaction involving the Company since the commencement of the Company's last financial period or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or any of its subsidiaries other than as disclosed herein.

Interest of Persons in Matters to be Acted Upon

None of the directors or senior officers of the Company, no management nominee for election as a director of the Company, none of the persons who have been directors or senior officers of the Company since the commencement of the Company's last completed fiscal period and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than as disclosed under the heading "Particulars of Matters to be Acted Upon".

OTHER BUSINESS

Management does not know of any other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Proxy.

AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

Under Multilateral Instrument 52-110 *Audit Committees* ("MI 52-110") reporting issuers in those jurisdictions which have adopted MI 52-110 are required to provide disclosure with respect to its Audit Committee including the text of the Audit Committee's Charter, composition of the Committee, and the fees paid to the external auditor. The Company is a reporting issuer in B.C. and Alberta. MI 52-110 has not been adopted in B.C., but it has been adopted in Alberta. Accordingly, the Company provides the following disclosure with respect to its Audit Committee:

Please refer to Exhibit 1 to Schedule "A" attached to this Management Information Circular for the Audit Committee Charter.

Composition of Audit Committee

Following the election of directors pursuant to this Management Information Circular, the following will be members of the Audit Committee:

John Dow	Independent ⁽¹⁾	Financially literate ⁽²⁾
Stephen Burns	Independent ⁽¹⁾	Financially literate ⁽²⁾
Peter Liddle	Not Independent	Financially literate ⁽²⁾

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

John Dow (Chairman)

- Mr Dow is a geologist with 40 years international experience. After joining Newmont Australia in 1978 he has held senior executive positions in Newmont culminating in him being appointed as Chairman and Managing Director of Newmont Australia (previously Normandy Mining Limited) in April 2002. Subsequent to his retirement in 2005, he has accepted several independent directorships.
- Mr Dow's experience in exploration activities and related accounting issues provides another dimension in the consideration of appropriate accounting treatment and disclosures.

Stephen Burns

- Chartered Accountant and financial advisor in public practice for over 30 years
- Chair or member of various audit and special committees
- Holds a BA, CA and MBA

Peter Liddle

- Chartered Accountant with over 25 years experience in the financial services industry, particularly in the mineral and petroleum sectors of New Zealand and Australia
- Has acted as senior financial officer or executive of New Zealand and Australian publicly listed exploration/mining companies since 1985
- Holds a B Com and a CA (New Zealand)

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed fiscal period was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed fiscal period has the Company relied on the exemption in Section 2.4 of MI 52-110 (De Minimis Non-audit Services), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board of Directors to review the performance of the Company's external auditors and approve in advance provision of services other than auditing and to consider the independence of the external auditors, including a review of the range of services provided in the context of all consulting services bought by the Company. The Audit Committee is authorized to approve in writing any non-audit services or additional work that the Chairman of the Audit Committee deems is necessary, and the Chairman will notify the other members of the Audit Committee of such non-audit or additional work and the reasons for such non-audit work for the Committee's consideration, and if thought fit, approval in writing.

External Auditor Service Fees

The fees billed by the Company's external auditors in each of the last three fiscal periods for audit and non-audit related services provided to the Company or its subsidiaries (if any) are as follows:

FINANCIAL YEAR ENDING	AUDIT FEES ⁽¹⁾	AUDIT RELATED FEES ⁽²⁾	TAX FEES	ALL OTHER FEES
December 31, 2007	48,310	--	--	--
December 31, 2006	\$66,131	--	\$5,183	--
May 31, 2006	\$68,428	\$46,933 ⁽³⁾	--	--

⁽¹⁾ Audit fees consist of aggregate fees billed for professional services rendered for the audit of annual financial statements and overview of the interim financial statements included in quarterly reports.

⁽²⁾ Audit related fees consist of aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements and are not reported under Audit fees.

⁽³⁾ These fees include the review of the interim financial statements for the 9 months ended 28 February 2006 as included in the New Zealand registered prospectus (2006).

Exemption

The Company has relied upon the exemption provided by section 6.1 of MI 52-110, which exempts a "Venture Issuer" from the requirement to comply with the restrictions on the composition of its Audit Committee as well as the disclosure requirements of its Audit Committee in an annual information form as prescribed by MI 52-110.

CORPORATE GOVERNANCE

National Instrument 58-101 *Disclosure of Corporate Governance Practices* requires the Company to disclose in its Management Information Circular certain information relating to the Company's corporate governance practices. This disclosure in Form 58-101F1 is appended as Schedule "A" to this Management Information Circular.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. To obtain copies of the Company's Financial Statements and Management Discussion and Analysis (which contains financial information about the Company), shareholders are directed to the Company's filings on SEDAR or may request copies of such information in writing by contacting the Company at: Suite 500, 357 Bay Street, Toronto, Ontario, M5H 2T7.

APPROVAL AND CERTIFICATION

The contents of this Information Circular have been approved and this mailing has been authorized by the Directors of the Company.

Where information contained in this Management Information Circular, rests specifically within the knowledge of a person other than the Company, the Company has relied upon information furnished by such person.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "Simon Henderson"
Chief Executive Officer, President and Director

Schedule "A"

FORM 58-101F1 CORPORATE GOVERNANCE DISCLOSURE

The Company believes that its corporate governance practices ensure that the business and affairs of the Company are effectively managed so as to enhance shareholder value. The disclosure requirements of National Instrument 58-101 and a commentary on the Company's approach with respect to each requirement are set forth below.

Disclosure Requirements	Comments
<p>Disclose the identity of directors who are independent.</p> <p>Disclose the identity of directors who are not independent, and describe the basis for that determination.</p>	<p>The Board of Directors comprises seven directors, four of whom are independent. The definition of independence used by the Company is that used by the Canadian Securities Administrators, which is set out in section 1.4 of MI 52-110. A director is independent if he or she has no direct or indirect material relationship to the Company. A "material relationship" is a relationship which could, in the view of the Board of Directors, be reasonably expected to interfere with the exercise of a director's independent judgment. Certain types of relationships are by their very nature considered to be material relationships and are specified in section 1.4 of MI 52-110.</p> <p>John Dow, Richard Billingsley, Stephen Burns and Paul Jones are all considered to be independent directors.</p> <p>Glenn Laing was not considered to be independent by virtue of his former position as President and Chief Executive Officer of the Company. Simon Henderson is not considered to be independent by virtue of his new position as President and Chief Executive Officer of the Company. Peter Liddle is not considered to be independent by virtue of his position as Chief Financial Officer and Secretary of the Company.</p>
<p>Disclose whether or not a majority of directors are independent.</p>	<p>A majority of the directors are independent.</p>
<p>If a director is presently a director of another issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.</p>	<p>Glenn Laing is a director of Jumbo Petroleum Corporation and Southern Hemisphere Mining Limited.</p> <p>Richard Billingsley is a director of Luri Gold Limited and Youandi Capital Corp.</p> <p>Stephen Burns is a director of St Andrew Goldfields Ltd.</p> <p>Paul Jones is a principal of Sovereign Gold Company, Ltd. and director of New Horizon Uranium Corporation of Golden, Colorado, which are privately held companies engaged in mineral activities in North and South America. Mr. Jones is also a director of St Andrew Goldfields Ltd</p> <p>Mr Dow is a director of Troy Resources NL and Pike River Coal Limited</p>
<p>Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial period end. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion</p>	<p>The Board holds regular monthly meetings. At each meeting of the Board, all members are encouraged to raise and discuss any matters for discussion. 11 Board meetings were held during the year ended December 31, 2007.</p>

among its independent directors.	
Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his role and responsibilities.	The Company does not currently have an appointed Chairman. Glenn Laing chairs the meetings of the Board.
Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial period.	Richard Billingsley - 10 of 11 Board meetings Stephen Burns - 8 of 11 Board meetings John Dow - 10 of 11 Board meetings Simon Henderson - 11 of 11 Board meetings Paul Jones - 10 of 11 Board meetings Glenn Laing - 10 of 11 Board meetings Peter Liddle - 10 of 11 Board meetings
Disclose the text of the Board's written mandate.	Please refer to Exhibit 2 attached to this Management Information Circular.
Disclose whether or not the Board has developed written position descriptions for the chair and the chair of each board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.	The Board has not developed written position descriptions for the chair and the chair of each board committee. Positions descriptions will be developed in due course. To date the size of the Board and each Board committee has meant that all members take responsibility for the activities of the Board and Board committees respectively, with the chair responsible for chairing meetings of the Board or particular Board committee.
Disclose whether or not the Board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.	The Board and the CEO have not developed a written position description for the CEO. A position description for the CEO will be developed in due course, but due to the size of the Board and the early stage of development of the Company, the CEO has worked very closely with the Board on all matters material to the Company.
Briefly describe what measure the Board takes to orient new directors regarding: (i) the role of the Board, its committees and its directors, and (ii) the nature and operation of the issuer's business.	To date, Messrs. Dow, Burns and Jones are the only new directors appointed to the Board of Directors since the completion of the Company's reverse take over in March 2005. Mr. Dow met with the COO in New Zealand for a technical orientation session and the CFO provided written and oral background information on the group's financial, committee and secretarial functions. Messrs. Burns and Jones are directors of St Andrew Goldfields Ltd., the major shareholder of the Company. Mr Jones met with the COO in New Zealand for a technical orientation session. The CFO provided written background information on the group's financial, committee and secretarial functions. It is expected, given the size of the group and its recent publications that a similar orientation process would provide any new directors with a good grounding.
Briefly discuss what measures, if any, the Board takes to provide continuing education for its directors. If the Board does not provide continuing education, describe how the Board ensures that its directors maintain the skill and knowledge necessary to meet their	The Board of Directors does not provide formal continuing education for directors. Directors maintain the skill and knowledge necessary to meet their obligations as directors through a combination of their existing education, experience as businesspersons and managers,

<p>obligations as directors.</p>	<p>service as directors of other issuers and advice from the Company's legal counsel, auditors and other advisors.</p>
<p>Disclose whether or not the Board has adopted a written code for the directors, officers and employees. If the Board has adopted a written code:</p> <p>(i) disclose how a person or company may obtain a copy of the code,</p> <p>(ii) describe how the Board monitors compliance with its code, or if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code, and</p> <p>(iii) provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial period that pertains to any conduct of a director or executive officer that constitutes a departure from the code.</p>	<p>The Board has adopted a written code of conduct for its directors, officers, employees and those consultants who represent the Company.</p> <p>(i) a copy of the Company's code of conduct referred to above can be obtained by written request to the Company's Secretary, at Suite 500, 357 Bay Street, Toronto, Ontario M5H 2T7, or by reference to the Company's website.</p> <p>(ii) The Board monitors compliance with its Code by requiring that each director and officer annually affirm, in writing, that he/she has read and understood the code of conduct and has agreed to abide by it in all aspects.</p> <p>(iii) None.</p>
<p>Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.</p>	<p>Each director and executive officer is required to fully disclose his interest in respect of any transaction or agreement to be entered into by the Company. Once such interest has been disclosed, the Board as a whole determines the appropriate level of involvement the director or executive officer should have in respect of the transaction or agreement.</p>
<p>Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.</p>	<p>Management, with the support of the Board, has put structures in place to ensure effective communication between the Company and its shareholders and the public. The Company provides disclosure as required by law, and legal counsel reviews press releases and reports to shareholders as required.</p> <p>The Board manages the business of the Company on behalf of the shareholders and is responsible for, among other things, strategic planning and management of the Company's principal risks. Any responsibility that is not delegated to senior management or a committee of the Board remains with the full Board. In addition to those matters, which must by law be approved by the Board, the approval of the Board is required for major transactions or expenditures.</p>
<p>Describe the process by which the Board identifies new candidates for Board nomination.</p>	<p>All directors are responsible for recommending suitable candidates for nomination to the Board, when required, and when doing so consider:</p> <p>(a) the competencies and skills that the Board considers to be necessary for the Board, as a whole, to possess;</p> <p>(b) the competencies and skills that the Board considers necessary for each existing director to possess; and</p> <p>(c) the competencies and skills each new nominee will bring to the boardroom.</p>
<p>Disclose whether or not the Board has a nominating committee composed entirely of independent directors. If the Board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.</p>	<p>The Company does not have a formal process or committee for proposing new nominees to the Board of Directors.</p>
<p>If the Board has a nominating committee, describe the</p>	<p>The Board does not, at present, have a Nominating</p>

responsibilities, powers and operation of the nominating committee.	Committee, but will consider implementing one in the future should circumstances warrant.
Describe the process by which the Board determines compensation for the issuer's directors and officers.	<p>The Company has established a compensation committee, currently comprised of Messrs. John Dow and Richard Billingsley, to ensure that independent directors determine and review the remuneration of executives on behalf of the Board of Directors and that the remuneration policies and packages attract, retain and motivate quality individuals without exceeding market rates.</p> <p>The compensation committee determines and agrees with the Board of Directors the framework or broad policy for the remuneration of the Company's executive directors, Chief Executive Officer and other members of the executive management of the Company. The remuneration of non-executive directors is determined by the executive members of the Board of Directors. No director or manager is involved in any decisions as to their own remuneration.</p>
<p>Disclose whether or not the Board has a compensation committee composed entirely of independent directors.</p> <p>If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.</p>	<p>The Board has a Compensation Committee composed of two directors, both of whom are independent.</p>
If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Please refer to Exhibit 3 attached to this Management Information Circular.
If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial period, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.	Not applicable.
If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.	The Board of Directors is considering establishing a Corporate Governance Committee comprised of two independent directors, but currently has no other standing committees.
<p>Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.</p> <p>If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.</p>	<p>The board does not, at present, have a formal process in place for assessing the effectiveness of the board as a whole, its committees or individual directors, but will consider implementing one in the future should circumstances warrant.</p>

Exhibit 1

Audit Committee Charter

(Implemented pursuant to Multilateral Instrument 52-110)

This Charter has been adopted by the Board in order to comply with the Instrument and to more properly define the role of the Committee in the oversight of the financial reporting process of the Company. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures in order to comply more fully with the Instrument, as amended from time to time.

- (a) The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the audit committee to be composed of three directors or such other number not less than three as the Board may from time to time determine, of whom the majority shall not be officers or employees of the Company or an affiliate of the Company. A majority of the audit committee shall constitute a quorum.
- (b) Any member of the committee may be removed or replaced at any time by the Board. Any member of the committee ceasing to be a director shall cease to be a member of the audit committee. Subject to the foregoing, each member of the audit committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.
- (c) The responsibilities of the audit committee shall be to:

With respect to Financial Accounting Matters,

1. Review with management and the external auditors the annual consolidated financial statements, the annual report including the management discussion and analysis and the press release before making recommendations to the Board relating to approval of the statements. *Timing: year-end.*
2. Review with management, and if deemed necessary with the external auditors, interim financial statements, the quarterly report including the management discussion and analysis and the press release before making recommendations to the Board relating to approval of the statements. *Timing: first three quarters.*
3. Review with management, and if deemed necessary with the external auditors, all financial statements included in a prospectus or annual information form or any other public disclosure document containing financial information before making recommendations to the Board relating to the approval of the same. *Timing: as required.*
4. Review annually the accounting principles and practices followed by the Company and any changes in the same as they occur. *Timing: annually near year-end.*
5. Review new accounting principles of the Canadian Institute of Chartered Accountants, which would have a significant impact on the Company's financial reporting as reported to the audit committee by management. *Timing: annually near year-end or as required.*
6. Review estimates and judgments and choices of accounting alternatives, which are

material to reported financial information as reported to the audit committee by management. *Timing: each quarter and year-end.*

7. Review the status of material contingent liabilities as reported to the audit committee by management. *Timing: each quarter and year-end.*
8. Review the status of income tax returns and potentially significant tax problems as reported to the audit committee by management. *Timing: immediately as known.*
9. Review any errors or omissions in the current or prior year's financial statements. *Timing: immediately as known.*

With respect to Internal Controls,

Review with management, and if deemed necessary with the external auditors, the adequacy of the Company's internal controls over financial reporting and disclosure controls and procedures to ensure that:

1. effective internal controls over financial reporting have been designed to provide a reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the Company's GAAP; and
2. disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is made known to the board of directors in a timely manner.

With respect to the External Auditors,

1. Review with management the performance and independence of the external auditors and report thereon to the Board at least annually, including, where appropriate, a recommendation to replace the external auditor. *Timing: year-end.*
2. Review with management the engagement letter of the external auditors and the scope and timing of the audit work to be performed as outlined in the Audit Plan. *Timing: annually.*
3. Review with the external auditors the performance of management involved in the preparation of financial statements and any problems encountered by the external auditors, any restrictions on the auditors' work, the cooperation received in the performance of the audit and the audit findings. *Timing: year-end.*
4. Review the management letter with management and the external auditors, noting any significant recommendations on internal control made by them to management and management's response to the recommendations. *Timing: mid-year starting in second year.*
5. Review with management and the external auditors, estimated and actual audit fees. *Timing: mid-year.*
6. Receive and review with the external auditors a formal written statement prepared by the external auditors that discloses all relationships, including the nature of and fees for any non-audit services performed for the Company, between the external auditor and the Company and consider whether the nature and extent of such

services could impact on the objectivity and independence of the external auditor and, if necessary, recommending that the full board take appropriate action to oversee the independence of the external auditor. *Timing: as required.*

With respect to General Audit Matters,

1. Inquire of management, and the external auditors as to any activities that may be or may appear to be illegal or unethical. *Timing: each quarter and year-end.*
 2. Review with management, and if deemed necessary, with the external auditors any material frauds reported to the audit committee. *Timing: immediately as known.*
 3. Review with the external auditors the adequacy of staffing for accounting and financial responsibilities. *Timing: year-end.*
 4. Report and make recommendations to the Board as the committee considers appropriate. *Timing: as required.*
- (d) In addition, the Board may refer to the audit committee such matters and questions relating to the Company and its affiliates as the Board may from time to time see fit.
- (e) Any member of the audit committee may require the auditors to attend any or every meeting of the audit committee.
- (f) The audit committee shall elect annually a chairman from among its members.
- (g) The audit committee shall review and reassess the adequacy of the formal mandate on an annual basis.
- (h) The times of and the places where meetings of the audit committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the audit committee; provided that notice of every such meeting and the circulation of the financial statements to committee members is at least 48 hours prior to the meeting. The auditors of the Company also shall be given such notice of meetings and shall be entitled to attend and be heard thereat, and that meetings shall be convened whenever requested by the auditors, or any member of the audit committee in accordance with the Business Corporations Act (1982).
- (i) At each meeting of the audit committee the independent members shall meet without management and consider any matters tabled by any such member. At each meeting at which the external auditors of the Company are in attendance, the independent members shall meet with the external auditors without management present and consider any matters tabled by any such member or the external auditors.
- (j) The audit committee shall support the senior management team and the Board in keeping abreast of changes occurring or proposed to regulatory requirements and/or general accounting guidelines, such that the Company adopts “best in class” accounting and internal control policies and practices.
- (k) All prior resolutions of the Board relating to the constitution and responsibilities of the audit committee are hereby repealed.

Outside of the Mandate but as a matter of routine at each Audit Committee Meeting, the Chief Financial Officer will make a series of reports which will include;

- 1. The CFO is not aware of any frauds or thefts of Company property*
- 2. The CFO is not aware of any activities which may be illegal or unethical*
- 3. There are no new contingent liabilities except as reported.*
- 4. There are no new tax reassessments or other tax issues except as reported.*
- 5. There are no prior year accounting adjustments except as reported.*

Exhibit 2

DIRECTOR'S POSITION DESCRIPTION

Every Director of the Company in exercising his powers and discharging his duties shall:

- (a) act honestly and in good faith with a view to the best interests of the Company.
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

With respect to Fiduciary Duty or the Duty of Loyalty

1. the fiduciary duty requires a Director to be honest in dealing with other Directors and with the Company. In fact, a Director must disclose all information he or she has to the Board. The collegial structure of the Board and the practical delegation of responsibilities to committees will suffer if Directors deprive their fellow Directors of important information they need to carry out their responsibilities and practice due diligence.
2. the fiduciary duty implies a duty of confidentiality. All information about the Board or the Company's activities should be presumed to be confidential unless released to the public.
3. Directors may not profit at the expense of the Company. They may not divert opportunities or benefits from the Company to themselves or put themselves in a position of conflict by competing with the Company for business opportunities.
4. Directors must disclose their material interest in a party or contracts and should disclose these interests to the full Board and not just a committee.

With respect to the Duty of Care:

1. these responsibilities imply that the Directors attend meetings regularly, read the documents and briefing notes prepared for them prior to the meetings and follow-up on important matters.
2. the business judgement rule protects boards and directors from those that might second-guess their decisions. However, Directors must ensure that the process by which they made a decision ensures that there was adequate information available, agendas and background documents in place, rigorous review and questioning is documented and that in-depth review where warranted is referred to the appropriate committee.

Specific Duties of Directors

1. Overseeing and approving a strategy for the business.

The Directors, individually and collectively, have the responsibility to participate in developing and approving the mission of the business, its objectives and goals, and the strategy by which it proposes to reach those goals. Directors must ensure there is congruence between shareholder expectations, Company plans and management performance.

2. Management of the Board and selection and oversight of senior management.

Directors, individually and collectively, are responsible for managing the Board affairs,

including planning its composition, selecting its chair, nominating candidates for election to the Board, appointing committees and determining Director compensation. Directors, individually and collectively, have the responsibility for management succession including the appointment, monitoring and replacement of the Chief Executive Officer as well as Chief Executive Officer compensation. Directors have the responsibility for approving the appointment and compensation of senior management acting upon the advice of the Chief Executive Officer.

3. Monitoring and Acting

Directors, individually and collectively, have the responsibility for monitoring the company's performance against goals and revising strategy as appropriate.

4. Approving Policies and Procedures for implementing strategy

Directors, individually and collectively, have the responsibility for approving all significant policies and procedures and ensuring compliance with all laws and regulations, while adhering to the highest ethical and moral standards.

5. Reporting to shareholders on the performance of the business.

Directors, individually and collectively, have the responsibility for the integrity and timely reporting to shareholders in addition to the approval of all dividends.

6. Approval and completion of routine legal requirements

Directors, individually and collectively, are responsible for ensuring all legal requirements, documents and records have been properly prepared, approved and maintained.

Exhibit 3

Compensation Committee Mandate

This Charter has been adopted by the Board in order to more properly define the role of the Committee in the oversight of the compensation strategy and policies for Directors, Officers and employees of the Company. Nothing in this Charter is intended to restrict the ability of the Board or Committee to alter or vary procedures as necessary.

RESOLVED as follows:

- (a) The Board shall elect annually from among its members at the first meeting of the Board following the annual meeting of the shareholders, a committee to be known as the Compensation Committee to be composed of two independent directors or such other number not less than two as the Board may from time to time determine. A majority of the Compensation Committee members will constitute a quorum, with a minimum of two.
- (b) Any member of the Compensation Committee may be removed or replaced at any time by the Board. Any member ceasing to be a director shall cease to be a member of the Compensation Committee. Subject to the foregoing, each member of the Compensation Committee shall hold office as such until the next annual appointment of members after his election. Any vacancy occurring in the committee shall be filled at the next meeting of the Board.
- (c) The Board of Directors assumes responsibility for the stewardship of the Company, and as part of this stewardship, through the Compensation Committee, assumes responsibility for the following:

The responsibilities of the Compensation Committee will include reviewing and making recommendations to the Board with respect to the overall compensation strategy and policies for Directors, Officers and employees of the Company, more specifically these will include:

- 1. setting the goals and objectives for the compensation of the Chairman and Chief Executive Officer. *Timing: annually and as required.*
- 2. evaluating the performance of the Chairman and Chief Executive Officer relative to the goals and objectives set and recommending to the Board the compensation level of the Chairman and Chief Executive Officer based on this evaluation. *Timing: annually and as required.*
- 3. reviewing the annual compensation of all other senior executive officers of the Company as recommended by the Chief Executive Officer. The Chief Executive Officer shall attend the Compensation Committee meeting when senior executive salaries are discussed. *Timing: annually and as required.*
- 4. reviewing the Company's issuance of Stock Options and Compensation Shares and recommending to the Board a prudent level for these instruments and any disbursements therefrom. *Timing: as required.*
- 5. reviewing employment contracts for senior officers and employees and recommendation thereof and/or changes thereto to the Board. *Timing: on-going*

6. reviewing the compensation of the Company's Directors, based on work performed, responsibility assigned and liability incurred as assessed by the Chairman, Chief Executive Officer and the other Directors. *Timing: as required.*
- (d) In addition, the Board may refer to the Compensation Committee such matters and questions relating to compensation as the Board may from time to time see fit.
 - (e) Any member of the Compensation Committee may require experts to attend a meeting of the Compensation Committee.
 - (f) The Compensation Committee shall elect annually a chairman from among its outside director members.
 - (g) The times of and the places where meetings of the committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Compensation Committee.

AUDITED FINANCIAL STATEMENTS

GLASS EARTH GOLD LIMITED (FORMERLY GLASS EARTH LIMITED)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007

(Stated in Canadian Dollars)

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Glass Earth Gold Limited (formerly Glass Earth Limited) and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

Glass Earth maintains systems of internal accounting and administrative controls in order to provide, on a reasonable basis, assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee is appointed by the Board, and the majority of its members are independent non executive directors. The Committee meets at least four times a year with management, and as required with the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the quarterly and the annual reports, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the external auditors. The consolidated financial statements have been audited by KPMG, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. KPMG has full and free access to the Audit Committee.

Glenn Laing

President and Chief Executive Officer

Peter Liddle

Chief Financial Officer

March 11, 2008



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheet of Glass Earth Gold Limited as at December 31, 2007 and the consolidated statements of operations, comprehensive loss and deficit, shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in blue ink, appearing to read 'KPMG'.

Chartered Accountants

Auckland, New Zealand

March 11, 2008

GLASS EARTH GOLD LIMITED
(A Development Stage Company)
Consolidated Balance Sheets
(in thousands of Canadian Dollars)

As at December 31	2007	2006
	\$	\$
ASSETS		
Current Assets		
Cash and equivalents	6,096	7,316
Amounts receivable	547	157
Advances and prepaid expenses	140	54
	<u>6,783</u>	<u>7,527</u>
Mineral Properties (Note 5)	10,641	6,317
Property and Equipment (Note 6)	326	262
	<u>10,967</u>	<u>6,579</u>
	<u>17,750</u>	<u>14,106</u>
LIABILITIES		
Current Liabilities		
Accounts payable	1,284	577
Accrued liabilities	65	38
	<u>1,349</u>	<u>615</u>
Future Tax Liability (Note 11)	810	-
SHAREHOLDERS' EQUITY		
Common Shares (Note 7(a))	16,716	12,899
Share Purchase Warrants (Note 7(b))	2,594	2,430
Contributed Surplus (Note 7(d))	1,804	999
Deficit Accumulated through Development Stage	(5,523)	(2,837)
	<u>15,591</u>	<u>13,491</u>
Going concern (Note 2)	<u>17,750</u>	<u>14,106</u>

APPROVED ON BEHALF OF THE BOARD

"signed" Glenn Laing
Glenn Laing, Director

"signed" Peter Liddle
Peter Liddle, Director

(The accompanying notes are an integral part of these consolidated financial statements.)

GLASS EARTH GOLD LIMITED
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity
(in thousands of Canadian Dollars except for share issuance costs)

	Common Shares	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders ' equity
	#	\$	\$	\$	\$	\$
Balance - May 31, 2005	57,237,634	3,004	-	423	(643)	2,784
- Issuance of shares on private placement, net of issuance costs of \$22,000	9,999,999	1,478	-	-	-	1,478
- Valuation of warrants issued on private placement	-	(416)	-	416	-	-
- Funds received for private placement, shares issued on June 6, 2006	-	1,000	-	-	-	1,000
- Issued pursuant to acquisition of HPD , net of issuance costs of \$31,000 (see Note 7(a)(iii))	12,665,000	1,869	-	-	-	1,869
- Valuation of warrants issued on acquisition of HPD	-	(317)	-	317	-	-
- Stock option compensation expense	-	-	464	-	-	464
Loss for the period	-	-	-	-	(1,307)	(1,307)
Balance - May 31, 2006	79,902,633	6,618	464	1,156	(1,950)	6,288
- Issuance of shares on private placement, for which funds were received in May 2006	6,666,667	-	-	-	-	-
- Issuance of shares on private placement, net of issuance costs of \$8,000	3,333,333	492	-	-	-	492
- Valuation of warrants issued on private placement	-	(132)	-	132	-	-
- Issuance of shares on New Zealand offering, net of issuance costs of \$435,000	40,000,000	7,063	-	-	-	7,063
- Valuation of warrants issued on New Zealand offering	-	(1,142)	-	1,142	-	-
- Stock option compensation expense	-	-	535	-	-	535

(The accompanying notes are an integral part of these consolidated financial statements.)

GLASS EARTH GOLD LIMITED
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity
(in thousands of Canadian Dollars except for share issuance costs)

	Common Shares	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders ' equity
	#	\$	\$	\$	\$	\$
Loss for the period	-	-	-	-	(887)	(887)
Balance - December 31, 2006	129,902,633	12,899	999	2,430	(2,837)	13,491
Issuance of shares on private placement, net of issuance costs of \$24,000	22,140,000	4,404	-	-	-	4,404
- Valuation of warrants issued on private placement	-	(587)	-	587	-	-
- Stock option compensation expense	-	-	382	-	-	382
Expiration of warrants	-	-	423	(423)	-	-
Loss for the period	-	-	-	-	(2,686)	(2,686)
Balance - December 31, 2007	152,042,633	16,716	1,804	2,594	(5,523)	15,591

(The accompanying notes are an integral part of these consolidated financial statements.)

GLASS EARTH GOLD LIMITED**(A Development Stage Company)**

Consolidated Statements of Operations, Comprehensive Loss and Deficit

(in thousands of Canadian Dollars, except per share amounts)

	12 months ended December 31 2007 \$	7 months ended December 31 2006 \$
Revenue	285	-
Expenses		
Amortization	58	19
Cost of sales	226	-
Consultancy fees	74	62
Exchange translation (gains) / losses	(9)	(270)
General and administration	375	288
Professional fees	170	133
Registry and filing	51	27
Salaries	303	104
Stock-based compensation (Note 7(c))	382	535
Travel and accommodation	98	64
	(1,728)	(962)
Loss for the period before the undernoted	(1,443)	(962)
Write down of Mineral Properties (Note 5)	(619)	-
Interest Income	186	75
Loss before Income Taxes	(1,876)	(887)
Income tax expense (Note 11)	(810)	-
Net Loss and Comprehensive loss for the year / period	(2,686)	(887)
Deficit - beginning of year / period	(2,837)	(1,950)
Deficit - end of year / period	(5,523)	(2,837)
Loss per Share - Basic and Fully Diluted	(0.02)	(0.01)
Weighted average number of basic and fully diluted common shares outstanding during the year	131,055,125	89,345,966

(The accompanying notes are an integral part of these consolidated financial statements.)

GLASS EARTH GOLD LIMITED
(A Development Stage Company)
Consolidated Statements of Cash Flows
(in thousands of Canadian Dollars)

	12 months ended	7 months ended
	December 31	December 31
	2007	2006
	\$	\$
Cash Provided by (used in) :		
Operating Activities		
Net loss for the year/period	(2,686)	(887)
Adjustments for non-cash items:		
Amortization	58	19
Write down Mineral Properties (Note 5)	619	-
Income tax expense	810	-
Exchange translation (gains) / losses	(9)	(270)
Stock-based compensation (Note 7(c))	382	535
Changes in non-cash working capital items:		
Amounts receivable	(390)	(75)
Advances and prepaid expenses	(86)	(44)
Accounts payable	516	331
Accrued liabilities	27	(84)
Net cash used in Operating Activities	(759)	(475)
Financing Activities		
Issuance of common shares, for cash	4,428	7,998
Share issue costs	(24)	(443)
Net cash provided from Financing Activities	4,404	7,555
Investing Activities		
Expenditures on mineral properties	(4,739)	(1,261)
Acquisition of property and equipment	(135)	(176)
Net cash used in Investing Activities	(4,874)	(1,437)
	(1,229)	
Net (decrease)/increase in cash and equivalents		5,643
Cash and equivalents - beginning of year/ period	7,316	1,403
Foreign exchange gains on translation of monetary item	9	270
Cash and equivalents - end of year / period	6,096	7,316
Cash and equivalents consist of:		
Cash	98	138
Short Term Investments	5,998	7,178
	6,096	7,316

Supplemental Cash Flow information

During the year and the period the Company had no cash paid for interest or income taxes.

(The accompanying notes are an integral part of these consolidated financial statements.)

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

1. Nature of Operations and Basis of Presentation

Glass Earth Gold Limited (formerly known as BC Report Magazine Ltd., incorporated under the *Business Corporations Act* (British Columbia) (the "Company"), through its wholly owned legal subsidiary Glass Earth (New Zealand) Limited (formerly Glass Earth Limited) ("GENZL"), is engaged in the acquisition and exploration of mineral properties. To date, the Company has not earned any revenues from its exploration activities and is considered to be in the development stage.

The business of exploring for and mining of minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. The recoverability of the carrying value of mineral properties and the Company's continued existence is dependent upon the ability of the Company to raise additional financing, the preservation of its interest in the underlying properties, the discovery of commercially recoverable reserves, the achievement of profitable operations, and/or the Company's ability to dispose of its interest on an advantageous basis. Changes in future conditions could require material write downs of the carrying values.

In 2006, Glass Earth Limited changed its financial year end from May 31 to December 31. During that period Glass Earth Limited became a subsidiary of St Andrew Goldfields Limited. As St Andrew Goldfields Limited has a financial year end of December 31, the Company believed that it would be more cost efficient and in the best interest of shareholders for both companies to have the same financial year end. The Company implemented this change by having a transition period of 7 months, with the last day of the transition period being December 31, 2006. As of December 13, 2007 St Andrew Goldfields Limited's shareholding in the Company reduced from 50.2% to 42.4%. Therefore, the Company is no longer a subsidiary of St Andrew Goldfields Limited

2. Going Concern

These consolidated financial statements have been prepared on a going concern basis in accordance with Canadian generally accepted accounting principles, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, the consolidated financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

For the year ended December 31, 2007, the Company had a net loss of \$2,686,000 (7 months ended December 31, 2006: \$887,000) with an accumulated deficit at December 31, 2007 of \$5,523,000 (December 31, 2006: \$2,837,000) and no source of operating cash flow. The Company's ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, the discovery, development or sale of mining reserves and achievement of profitable operations. The Company is planning to meet its future expenditures and obligations by raising funds through public offerings, private placements or by farm-outs of mineral properties. It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

3. GENZL Reverse Takeover and Acquisition of HPD New Zealand Limited

On March 30, 2005, the Company completed the acquisition of all the outstanding common shares of GENZL, in exchange for common shares of the Company. Pursuant to the terms of the Share Exchange Agreement entered into with GENZL and its shareholders, the Company issued 36,000,720 common shares to acquire the 16,667 outstanding common shares of GENZL.

The transaction constituted a Reverse Take-Over (the "RTO") of the Company by GENZL under the policies of the TSX Venture Exchange (the "Exchange"). Upon completion of the transaction, the Company changed its name from BC Report Magazine Ltd. to Glass Earth Limited. Its newly acquired subsidiary changed its name from Glass Earth Limited to Glass Earth (New Zealand) Limited.

The acquisition of the shares of GENZL has been accounted for as a reverse takeover transaction in accordance with guidance provided in Emerging Issues Committee ("EIC") Abstract No. 10. The Company did not qualify as a business for accounting purposes, and accordingly the transaction has been accounted for as an issuance of shares and warrants by GENZL for the net monetary assets of the Company, accompanied by a recapitalization of the Company.

Further to the RTO transaction described above, the consolidated financial statements for the seven months ended December 31, 2006 reflected the assets, liabilities and results of operations of GENZL, the legal subsidiary, prior to the reverse takeover and the consolidated assets, liabilities and results of operations of the Company and GENZL subsequent to the reverse takeover. The consolidated financial statements are issued under the name of the legal parent (the Company), but are deemed to be a continuation of the legal subsidiary (GENZL).

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

On March 31, 2006, the Company completed the acquisition of all the outstanding common shares of HPD New Zealand Limited ("HPD"), in exchange for common shares of the Company. Pursuant to the terms of the Share Exchange Agreement entered into with HPD and its shareholders, the Company issued 12,665,000 common shares and 6,332,500 share warrants (with a strike price of 25 cents each for a period of 2 years) to acquire 100% of the outstanding common shares of HPD. HPD is consolidated under the purchase method.

4. Significant Accounting Policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principals. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries GENZL and HPD, as described in Note 3. All significant inter-company transactions and balances have been eliminated.

b) Mineral Properties

Direct property acquisition costs, holding costs, field exploration and field supervisory costs relating to specific properties are capitalized and deferred until the properties are brought into production, at which time they will be amortized on a unit of production basis, or until the properties are abandoned, sold or considered to be impaired in value, at which time an appropriate charge will be made. Costs include the cash consideration paid and the fair market value of the shares issued, if any, on the acquisition of exploration properties. Properties acquired under option agreements whereby payments are made at the sole discretion of the Company are recorded in the accounts at such time as the payments are made. The proceeds from options granted are applied to the cost of the related property and any excess is included in income for the year. Costs incurred for administration and general exploration that are not project specific, are charged to operations. The recorded amounts for acquisition costs of properties and their related capitalized exploration and development expenses represent actual expenditures incurred and are not intended to reflect present or future values.

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

The Company, however, reviews the capitalized costs on its properties on a periodic, or at least annual, basis and will recognize an impairment in value based upon the stage of exploration and/or development, work programs proposed, current exploration results and upon management's assessment of the future probability of profitable revenues from each property, or from the sale of the relevant property. Management's assessment of a property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review. The recovery of costs of mining claims and deferred exploration is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

c) Cash and Equivalents

Cash and equivalents include cash on account and highly liquid investments with a remaining term to maturity of three months or less at the date of purchase.

d) Property and Equipment

Property and equipment are carried at cost less accumulated amortization. Amortization is provided on a straight line basis over their estimated useful lives at the following rates:

Computer Equipment	36%
Motor Vehicles	18%
Leasehold Improvements	25%
Office Furniture & Equipment	10%

e) Foreign Currency Translation

The Canadian dollar is the functional currency of the Company and its subsidiaries. The Company considers its New Zealand operations to be integrated operations. As such, monetary assets and liabilities of the Company's foreign operations denominated in a currency other than the Canadian dollar are translated into Canadian dollars at the exchange rate prevailing as at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates prevailing at each transaction date. Revenue and expenses are translated at the average exchange rates prevailing during the year, with the exception of amortization which is translated at historical rates. Exchange gains and losses on translation are included in the Consolidated Statements of Operations, Comprehensive Loss and Deficit.

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

f) Long-Lived Asset Impairment

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed based on the carrying amount of the long-lived asset compared to the sum of the future undiscounted cash flows expected to result from the use and the eventual disposal of the asset. An impairment loss is recognized when the carrying amount is not recoverable and exceeds fair value. The amount of impairment loss, if any, which is the excess of the net carrying value over fair value, is charged to income for the period. Fair value is generally measured equal to the estimated future discounted net cash flows from the asset.

g) Income Taxes

The Company accounts for and measures the future tax assets and liabilities in accordance with the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized.

h) Stock-based Compensation

The Company's shareholders have approved a stock option plan. Under the plan, stock based compensation awards will be available to officers, directors, employees and non-employees. All stock-based payments made to non-employees and employees have been accounted for using a fair value-based method of accounting. The fair value of each stock option is accounted for in operations, over the vesting period thereof, and the related credit is included in contributed surplus. If and when the stock options are ultimately exercised and are issued, the applicable units of additional paid-in capital and contributed surplus will be transferred to share capital. The fair value is calculated based on the Black-Scholes option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable.

The Company's stock-based compensation plan is described in Note 7(c).

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

i) Loss Per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings (loss) per share, according to the treasury stock method, assumes that any proceeds from the exercise of dilutive stock options and warrants would be used to repurchase common shares at the average market price during the period, with the incremental number of shares being included in the denominator of the diluted earnings (loss) per share calculation. The diluted earnings (loss) per share calculation assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings (loss) per share.

j) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. The Company regularly reviews these estimates and assumptions that affect the consolidated financial statements and actual results could differ from those estimates.

Significant areas where management judgment is applied are asset valuations, the recoverability of exploration and development expenditures on mineral properties, asset retirement obligations, the valuation of warrants and tax accounts, stock-based compensation and contingent liabilities. In the opinion of management, all adjustments considered necessary for fair presentation of the results for the periods presented are reflected in the consolidated financial statements.

k) Revenue

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

l) Amounts Receivable

Amounts receivable are recorded at estimated realizable value after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

m) Farm-In

Expenditure incurred on exploration "farm-in" projects is capitalized while the farm-in obligations are being undertaken. Should an equity interest in the project not vest due to non-compliance of the farm-in obligations or otherwise, accumulated expenditures are written off to the Statement of Operations, Comprehensive Loss and Deficit.

n) New standards adopted and pronouncements not yet adopted

Effective January 1, 2007, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530, Comprehensive Income; Section 3855, Financial Instruments - Recognition and Measurements; Section 3861, Financial Instruments - Disclosure and Presentation; and Section 3865, Hedges. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. These standards provide for disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and described when and how hedge accounting may be applied. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, all financial assets are classified as held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale categories. Also, all financial liabilities must be classified as held-for-trading and other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows; (i) held-for-trading financial asset and liabilities are measured at fair value, and the gain and loss arising from the change in the fair value is included in net income for the period in which it arises; (ii) available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income ("OCI") until the financial asset is derecognised or impaired, at which time all cumulative gain and loss is then recognised in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents, which are recorded at fair value. Accounts receivables, and accrued liabilities are measured at amortized cost. The Company had neither available-for-sale, not held-to-maturity instruments during the year ended December 31, 2007.

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded as separate derivatives and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative and the total contract is not held-for-trading or accounted for at fair value. The Company did not identify embedded derivatives that require separation from the related host contract and measurement at fair value.

Comprehensive income consists of net earnings and OCI. OCI refers to items recognised in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. The company does not have any items that would be recorded in OCI.

In December 2006, the CICA issued Section 1535, Capital Disclosures, which is effective for fiscal years beginning on or after October 1, 2007. This standard requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The adoption of this standard is not expected to have a significant effect on the Company's financial statements.

In December 2006, the CICA issued Section 3862, Financial Instruments - Disclosure, and Section 3863, Financial Instruments - Presentation. These standards enhance existing disclosure requirements in previously issued Section 3861. Section 3862 requires disclosures in the financial statements that will enable users to evaluate: the significant of financial instruments for the Company's financial position and performance; and the nature and extent of risks arising from financial instruments to which the Company is exposed during the reporting period and at the balance sheet date, and how the Company manages those risks. Section 3863 carries forward the same presentation standards as Section 3861. These new standards are effective for fiscal years beginning on or after October 1, 2007.

o) Changes in Accounting Policies

There have been no changes in accounting policies during the year.

GLASS EARTH GOLD LIMITED**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

5. Mineral Properties

	December 31, 2007	December 31, 2006
	\$	\$
Balance - beginning of period	6,317	5,048
Expenditure on Projects:		
Airborne survey	1,765	297
Geological consulting, mapping and modeling	1,490	448
License rental	406	92
Resistivity surveys	729	222
Drilling	553	210
Total project expenditure for the period	<u>4,943</u>	<u>1,269</u>
Write down of Mineral Properties	(619)	-
Balance - end of year/period	<u>10,641</u>	<u>6,317</u>

The Company's exploration activities are carried out solely in New Zealand and have been divided into five projects. Expenditures made on account of mineral properties by the Company were as follows:-

Project	Opening Balance January 1, 2007	Expenditure to December 31, 2007	Write Down to December 31, 2007	Closing Balance December 31, 2007
	\$	\$	\$	\$
Hauraki Region	1,648	43	-	1,691
Waihi West Joint Venture	103	-	-	103
Mamaku - Muirs Region	405	519	-	924
Central Volcanic Region	3,533	1,947	(587)	4,893
Otago Region	628	2,434	(32)	3,030
	<u>6,317</u>	<u>4,943</u>	<u>(619)</u>	<u>10,641</u>

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

Project	Opening Balance June 1, 2006	Expenditure to December 31, 2006	Write Down to December 31, 2006	Closing Balance December 31,2006
	\$	\$	\$	\$
Hauraki Region	1,631	17	-	1,648
Waihi West Joint Venture	100	3	-	103
Mamaku - Muirs Region	394	11	-	405
Central Volcanic Region	2,719	814	-	3,533
Otago Region	204	424	-	628
	5,048	1,269	-	6,317

A summary of joint ventures is listed below:-

Hauraki Region

Subsequent to the acquisition of HPD, the entire Hauraki Region was joint ventured out in February 2007 to Newmont Mining Corp (“**Newmont**”). The Agreement terms provide that Newmont may earn an equity interest in each of the 3 sectors of the Hauraki Region (named Northern, Central and Southern) by undertaking exploration programs (including drilling) as follows:

- i) To earn an initial 65% equity in a venture area, by expending over a 4 year period;
 - Circa C\$1.37m (NZ\$1.65m) on the Northern Hauraki Venture Area;
 - Circa C\$1.45m (NZ\$1.75m) on the Central Hauraki Venture Area;
 - Circa C\$2.3m (NZ\$2.8m) on the Southern Hauraki Venture Area.
- ii) Newmont may elect to prepare a feasibility study to earn a further 10% in a venture area;
- iii) Glass Earth may request that Newmont arrange Glass Earth’s share of financing in return for a further 5% equity in a venture area; and
- iv) Glass Earth and Newmont will be liable (in proportion to their equity interests) for the Geoinformatics Exploration Inc. 2% royalty on any production from identified and acknowledged targets in the Hauraki Region permit area.

Waihi West Region

In April 2006, Newmont Mining Corp, joint ventured into this permit area adjacent to their Martha gold/silver mine at Waihi. Under the joint venture terms, Newmont may undertake an exploration program (including drilling) as follows:

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

- a) Initial work obligation of circa C\$332,000 (NZ\$400,000) within 12 months, then decision point to spend additional circa C\$913,000 (NZ\$1,100,000) within next 24 months to earn 60%;
- b) Newmont to prepare a feasibility study to earn a further 15%;
- c) Glass Earth can request that Newmont arrange Glass Earth's share of financing in return for a further 5% equity; and
- d) Glass Earth remains responsible for the Geoinformatics 2% royalty on the Glass Earth interest in the Waihi West Joint Venture;

Central Volcanic Region

In August 2007, Glass Earth entered into a joint venture with GCO Minerals Company ("GCO") over GCO's permit areas in the CVR. The permits contain several targets including Ohakuri. The terms of the joint venture were for Glass Earth to spend circa C\$415,000 (NZ\$500,000) meeting near and mid term work obligations of the GCO Permits in order to earn a 70% equity in the Permits. As at 31 December 2007, Glass Earth has earned this 70% equity.

Otago Region

- a) Glass Earth has entered into Letters of Intent with Australasia Gold Ltd and Aurora Minerals Ltd to facilitate exploration on their Otago gold prospects. Their permit areas are contiguous to Glass Earth's permit holdings in the Otago Region. The summarised terms of the joint ventures are as follows: Glass Earth will earn 70% equity in the permits, by completing the following work, which is an integral part of the Otago Region survey:
 - Fund an airborne geophysical survey over all or parts of their permit areas;
 - Process, interpret the data and identify gold targets; and
 - Initiate follow-up exploration campaigns.
- b) A Joint Venture Agreement has been executed with New Zealand Minerals Limited, whereby it will contribute its Prospecting Permit 39-320 (1,793 km²) and up to C\$328,000 (NZ\$437,500) towards the geophysical survey costs in return for a 10% equity in Glass Earth's combined Otago Region tenement portfolio covering over 23,000 km².

GLASS EARTH GOLD LIMITED**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

6. Property and Equipment

	December 31, 2007			December 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Computer Equipment	152	73	79	122	28	94
Motor Vehicles	210	34	176	126	8	118
Leasehold Improvements	56	14	42	40	1	39
Office furniture and equipment	32	3	29	12	1	11
	450	124	326	300	38	262

7. Shareholders' Equity

a) Common Shares

Authorized:

Unlimited number of common shares with no par value.

Issued and Outstanding:

	Number of Common Shares	Amount
	#	\$
Outstanding May 31, 2006	79,902,633	6,618
Issued pursuant to private placement (i)	6,666,667	-
Issued pursuant to private placement (ii)	3,333,333	500
Issued pursuant to New Zealand offering (iii)	40,000,000	7,498
Share Purchase Warrant Valuation (Note 7(b))	-	(1,274)
Share issue costs	-	(443)
Outstanding December 31, 2006	129,902,633	12,899
Issued pursuant to private placement (iv)	22,140,000	4,428
Share Purchase Warrant Valuation (Note 7(b))	-	(587)
Share issue costs	-	(24)
Outstanding December 31, 2007	152,042,633	16,716

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

- (i) On May 26, 2006, funds were received for 6,666,667 units to be issued at 15 cents per Unit, each Unit to consist of one common share and one half of one share purchase warrant. Each whole warrant to entitle the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units. The common shares were issued on June 6, 2006.
- (ii) On June 6, 2006, 3,333,333 common shares were issued for 15 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (iii) On October 13, 2006, 40,000,000 common shares were issued for NZ 25 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of NZ 35 cents per share for a period of two years following the date of issue of the Units. These common shares and warrants are listed on the New Zealand Exchange's Alternative Exchange (NZAX). The NZAX trading symbol for the common shares is GEL and for the warrants GELOA.
- (iv) On December 13, 2007, 22,140,000 common shares were issued for 20 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 30 cents per share for a period of two years following the date of issue of the Units.
- (v) As at the balance sheet date, and pursuant to escrow agreements, with the TSX Venture Exchange the following holdings are the subject of escrow provisions;
 - the 36,000,720 common shares issued to purchase GENZL, on March 31, 2005, with an initial 10% released immediately subject to a hold provision of 4 months. A further 15% was released on October 6, 2005 and will be released every 6 months thereafter.
 - 5,018,000 common shares held as of the date of the purchase of GENZL by a control party, with an initial 10% released immediately subject to a hold provision of 4 months. A further 15% was released on October 6, 2005 and will be released every 6 months thereafter.

At December 31, 2007 a total of 6,152,808 common shares remain subject to the provisions of the escrow agreements.

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

b) Share Purchase Warrants

The Company's movement in share purchase warrants is as follows:

	Number of Warrants	Weighted Average Exercise Price	Fair Value	Weighted Average Fair Value
	#	\$ per share	\$	\$ per share
Balance May 31, 2006	21,709,332	0.28	1,156	0.05
Granted - June 6, 2006	1,666,666	0.25	132	0.08
Granted - October 13, 2006	20,000,000	0.26	1,142	0.06
Exercised	-	-	-	-
Cancelled/Expired	-	-	-	-
Balance December 31, 2006	<u>43,375,998</u>	<u>0.27</u>	<u>2,430</u>	<u>0.06</u>
Granted - December 13, 2007	11,070,000	0.30	587	0.05
Exercised	-	-	-	-
Cancelled/Expired	(7,043,500)	-	(423)	-
Balance December 31, 2007	<u>47,402,498</u>	<u>0.27</u>	<u>2,594</u>	<u>0.05</u>

Summary of outstanding warrants at December 31, 2007:

Expiry Date	Exercise Price \$ per share	Warrants outstanding #	Fair value \$
January 13, 2008	0.25	1,666,666	83
March 30, 2008	0.25	1,666,667	83
March 31, 2008	0.25	6,332,500	317
April 19, 2008	0.25	1,666,666	83
June 6, 2008	0.25	3,333,333	167
June 6, 2008	0.25	1,666,666	132
October 13, 2008	0.26	20,000,000	1,142
December 13, 2009	0.30	11,070,000	587
		<u>47,402,498</u>	<u>2,594</u>

Subsequent to year end the 1,666,666 warrants with an expiry date of January 13, 2008 expired unexercised.

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

The fair value of each warrant was determined on the date of grant using the Black-Scholes option pricing model, based on the following assumptions:

	2007	2006
Risk-free interest rate	4.50%	4.00%
Expected life	2 years	2 years
Expected volatility	89%	89%
Expected dividends	-	-

Option pricing models require the input of highly subjective assumptions. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing model does not necessarily provide a reliable measure of the fair value of the Company's warrants at date of grant.

c) Stock-Based Compensation

The Company may grant incentive stock options to its officers, directors, employees and consultants, for the purchase of shares of the Company. Stock options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and terminate 90 days after the termination of employment or other contracting arrangement of the option holder. Vesting of options may be at the time of granting of the option or over a period as set out in each option agreement. Once approved and vested, options are exercisable at any time until expiry or termination as above.

For the twelve months ended December 31, 2007, \$382,000 was recorded as compensation expense and added to Contributed Surplus in the Shareholders' Equity on the Balance Sheet for stock options granted during the period (seven months ended December 31, 2006: \$535,000). The fair value of options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of between 4.03% and 4.50% (December 31, 2006: 4%) per annum, expected volatility of 89% (December 31, 2006: 89%), expected dividend rate of nil (December 31, 2006: nil) and an expected life of 2.5 years (December 31, 2006: 2.5 years). The exercise price of all share purchase options granted was greater than or equal to the market price at the grant date.

GLASS EARTH GOLD LIMITED**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

The following stock options were outstanding at December 31, 2007:

	Number of Options Issued and Vested #	Weighted Average Exercise Price \$ per share	Weighted Average Fair Value \$ per share
Balance - May 31, 2006	5,750,000	0.1500	0.074
Granted	5,390,000	0.1714	0.099
Exercised	-	-	-
Cancelled/Expired	-	-	-
Balance - December 31, 2006	11,140,000	0.1603	0.0880
Granted	3,705,000	0.1914	0.1030
Exercised	-	-	-
Cancelled/Expired	(600,000)	-	-
Outstanding - December 31, 2007	14,245,000	0.1683	0.0911
Exercisable - December 31, 2007	14,245,000	0.1683	0.0911

The weighted average remaining contractual life of the options is three years and nine months as of December 31, 2007. (December 31, 2006 : four years and five months)

d) Contributed Surplus

The following summarizes contributed surplus activity during the period:

	December 31, 2007 \$	December 31, 2006 \$
Balance, beginning of period	999	464
Stock-based compensation in the period on		
- Stock options granted / vesting	382	535
Expiration of Share Purchase Warrants	423	-
Balance, end of period	1,804	999

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

8. Related Party Transactions

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the fair value as agreed between management and the related parties.

- a) Mr. S. Henderson (a director and former shareholder of GENZL) became an employee of GENZL on April 1, 2005. He received \$208,179 for the year (seven months ended December 31, 2006: \$82,982).
- b) Mr. P. Liddle (a director and former shareholder of GENZL) became an employee of GENZL on May 15, 2006. He received \$137,408 for the year (seven months ended December 31, 2006: \$64,830).
- c) During the year management fees of \$60,000 were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of Mr. G Laing (seven months ended December 31, 2006: \$18,136).
- d) During the year, \$60,598 was paid or accrued to St George Minerals Ltd, (a company of which Mr. G Laing is a director) for the provision of office and related facilities in Toronto (seven months ended December 31, 2006: \$31,946). For the year ended May 31 2006, \$9,000 was advanced to St George Minerals, and remains outstanding at the period end.
- e) During the year, \$12,000 was paid to non-executive director Mr. R Billingsley for additional duties of a technical nature (seven months ended December 31, 2006: \$7,000).
- f) During the year no amounts were paid to non-executive director Mr. J. Dow (seven months ended December 31, 2006: \$7,630).
- g) At December 31, 2007, a net balance of \$5,386 was owing by a significant shareholder, St Andrew Goldfields Limited, for expenses incurred by the Company on its behalf (seven months ended December 31, 2006: \$15,000 owing by the Company).

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

9. Financial Instruments

a) Interest Rate and Currency Risk

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate or currency risks arising from the financial instruments. As at December 31, 2007 the Company held 90% of its cash and equivalents in Canadian dollars and 10% in New Zealand dollars, representing the near term expenditure to be incurred in New Zealand.

b) Credit Risk and Concentrations of Credit Risk

Financial instruments which potentially subject the Company to credit risk consist of cash and equivalents and amounts receivable.

The Company has no reason to believe credit loss will arise from any of the above financial instruments. The maximum amount of loss which may possibly be realized is the carrying value of the financial instruments.

c) Fair Values

The carrying amounts of cash and equivalents, amounts receivable, accounts payable and accrued liabilities approximate fair value due to the short maturity of these assets and liabilities. Adequate provision is held in respect of amounts receivable.

10. Segmented Information

	December 31, 2007 \$	December 31, 2006 \$
Operating (Loss) by segment:		
New Zealand	(2,074)	(144)
Canada	(612)	(743)
Consolidated Operating Loss	<u>(2,686)</u>	<u>(887)</u>
Assets by Segment:		
New Zealand	13,022	10,490
Canada	4,728	3,616
Consolidated Total Assets	<u>17,750</u>	<u>14,106</u>

GLASS EARTH GOLD LIMITED**(A Development Stage Company)**

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

Total Liabilities by Segment:

New Zealand	1,969	566
Canada	190	49
Consolidated Total Liabilities	2,159	615

11. Income Taxes

a) Provision for income taxes

Major items causing the Company's income tax rate to differ from the Canadian statutory tax rate of approximately 34% (December 31, 2006: 36%) were as follows:-

	December 31, 2007 \$	December 31, 2006 \$
Loss for the year / period	(1,876)	(887)
Expected income tax recovery at the statutory rate of 33.2% (Canada: 34.12%; New Zealand: 33%) (Dec 31, 2006: 35.62%)	(626)	(316)
Stock-based compensation	130	193
Exploration write off and impairment	204	-
Share issue costs	-	(14)
Other	-	(66)
Future tax liability on capitalized exploration expenditures	3,511	-
Future tax asset on previously unrecognized exploration expenditure losses	(2,701)	-
Change in valuation allowance	292	203
Income tax expense	810	-

b) Operating losses - Future income tax asset balances:

Tax effect of net operating loss carried forward - Glass Earth Gold Limited	632	603
Tax effect of net operating loss carried forward - GENZL	405	-
Tax effect of net operating loss carried forward - HPD	19	19
Valuation allowance	(1,056)	(622)
	-	-

GLASS EARTH GOLD LIMITED
(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

The Company has tax operating losses available to be applied against future year's income. In order to record a future income tax benefit, it must be more likely than not that the future tax asset resulting from the tax losses available for carry forward will be realized. Given the Company's classification as a development stage company and future uncertainty regarding profitability, it is appropriate to set up a 100% valuation allowance in respect of the future income tax asset.

c) Capitalised exploration expenditures - Future tax liability:

Future tax liability on capitalized exploration expenditure	3,511	-
Tax effect of exploration expenditure losses carried forward - GENZL	(2,701)	1,234
Valuation allowance	-	(1,234)
Net future tax liability	810	-

The future tax liability of \$3,511,000 reflects the future tax that would be payable on the exploration expenditure capitalized for accounting purposes. Available tax losses in respect of exploration expenditure have been offset against this future tax liability. There is a shortfall of \$810,000 which is recognised in the consolidated balance sheet.

12. Commitments and Contingencies

- a) There are no commitments or contingencies in the current year. The Company had expenditure commitments as at December 31, 2006 of \$1,990,859 representing work to be undertaken in relation to the airborne geophysics campaign in the Otago region over a four month period.
- b) GENZL has granted a 2% production royalty to Geoinformatics Exploration Ireland Ltd ("GEIL") in respect of any production achieved from the Company's interests on targets identified by GENZL and GEIL in 2005.
- c) Under the terms of non-cancelable operating leases, the Company is committed to rental payments as follows:

	\$
2008	48,953
2009	5,094
	54,047

GLASS EARTH GOLD LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(tabular amounts in thousands of Canadian dollars)

For the year ended December 31, 2007 and seven months ended December 31, 2006

13. Subsequent Events

Private Placement

On January 30, 2008 the company announced the completion of the second and final tranche of a non-brokered private placement. A total of 2,860,000 units (the "units") at a price of C\$0.20 per unit were issued, for gross proceeds of C\$572,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of C\$0.30 per share for a period of two years following the date of issue of the units

GLASS EARTH GOLD LIMITED

For the year ended December 31, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

(All amounts stated in Canadian dollars, unless otherwise indicated)

*These audited consolidated financial statements and this Management's Discussion and Analysis, contains certain "Forward-Looking Statements" that are prospective and reflect management's expectations regarding Glass Earth Gold Limited's ("**Glass Earth**") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of Glass Earth are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from Glass Earth's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failure to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.*

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. Glass Earth undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law

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INTRODUCTION

This discussion and analysis of the operating results and financial condition of Glass Earth Gold Limited (“**Glass Earth**”, or the “**Company**”) for the year ended December 31, 2007 as prepared on March 11, 2008, should be read in conjunction with the audited consolidated financial statements and related notes for the same period, and is intended to provide the reader with a review of the factors that affected the Company’s performance during the year ended December 31, 2007 and the factors reasonably expected to impact future operations and results.

The audited consolidated financial statements and related notes of Glass Earth have been prepared in accordance with accounting principles generally accepted in Canada (“**Canadian GAAP**”) and are expressed in Canadian dollars. All amounts in this report are in Canadian dollars, except where otherwise indicated.

Change in the ending date of Financial Year

Glass Earth changed its financial year end from May 31 to December 31 as of December 31 2006. The Company implemented this change by having a transition year of 7-months, with the last day of the transition year being December 31, 2006.

Qualified Person

The Glass Earth exploration programs are carried out under the supervision of Glass Earth’s Vice President, Exploration and Chief Operating Officer, Mr. Simon Henderson, M.Sc, M.AUSIMM. Mr. Henderson meets the qualified person requirements (as defined by National Instrument 43-101) with more than 30 years of experience in the gold mining and exploration industry and is responsible for the geoscientific and technical disclosure contained in this document.

CORPORATE HISTORY AND NATURE OF THE BUSINESS

Glass Earth was incorporated under the *Business Corporations Act* (British Columbia) on March 23, 1989, under the name “362293 B.C. Ltd.”. On August 30, 1989, the Company changed its name to BC Report Magazine Ltd., and on March 30, 2005 to Glass Earth Limited concurrently with the completion of a Reverse Takeover (“**RTO**”) of the Company by Glass Earth (New Zealand) Limited (“**GENZL**”). In December 2007, the Company changed its name to Glass Earth Gold Limited, the name change clearly incorporating the primary objective of the Company, which is to locate gold, while continuing with the concept of the Company using advanced geophysical techniques to “see through” the earth’s crust.

The Company’s common shares were re-listed on the TSX Venture Exchange in early April 2005 under the symbol “**GEL**”. The Company is classified as a mining exploration / development company by the TSX Venture Exchange. Glass Earth was registered in New Zealand as an overseas company under Part 18 of the Companies Act on June 7, 2006 and obtained a secondary listing of its common shares as an Overseas Listed Issuer on the New Zealand Exchange’s Alternative Exchange (“**NZAX**”) on October 13, 2006.

On March 31, 2006, the Company completed the acquisition of all the outstanding common shares of HPD New Zealand Limited (“**HPD**”), in exchange for issuing 12,665,000 common shares of the Company and 6,332,500 share purchase warrants. HPD had a total of 22 Exploration and Prospecting Permits covering over 4,724 square kilometres over both the North and South Islands of New Zealand (being epithermal and mesothermal gold targets in each respective island).

The principal activity of Glass Earth is exploration for gold and silver in New Zealand. As at December 31, 2007, Glass Earth held one of the largest portfolio of gold and silver focused prospecting and exploration permits in New Zealand (over 27,200 square kilometres), including the following key territorial assets:

Hauraki Region

With advanced gold prospects, this region occupies a significant ground position around the Waihi / Martha Mine; Newmont has commenced earning into the Glass Earth permits via two Joint Ventures: the Waihi West permit, immediately adjacent to the Waihi / Martha Mine; and the surrounding Hauraki Region permits.

Mamaku Region

With recently-defined gold targets, this region includes the Muirs Reef prospect, which historically has produced more than 43,000 ounces of gold;

Central Volcanic Region

Glass Earth has defined a plethora of epithermal gold targets in this region, including advanced prospects being drilled.

In the **South Island**, exploration efforts are focused on the Otago Region for mesothermal and alluvial gold targets.

Otago Region

A major data collection/geophysical survey over this region covering over 13,000 square kilometers, commenced in January 2007 and was completed in August 2007. A total of over 52,000 line kilometers flown. This is the largest airborne geophysical survey ever conducted in New Zealand. Contemporary airborne geophysical technology had not previously been applied over the Otago Region. The survey is being followed by a targeting process to identify priority areas of gold potential for detailed on-ground evaluation (which commenced in November 2007).

BOARD OF DIRECTORS AND MANAGEMENT

At the November 2006 Annual Meeting of shareholders of the Company, shareholders approved the appointment of the following two individuals, nominated by St Andrew Goldfields Limited, as non-executive directors of Glass Earth:

Stephen Burns, B.A., C.A. and M.B.A.

Mr. Burns is a director and Chairman of the Audit Committee of St Andrew Goldfields.

Paul C. Jones

Mr. Jones is an Executive Vice President of St Andrew Goldfields Ltd. with 45 years in the mining industry.

Continuing directors also include Messrs Laing (President and CEO), Henderson (COO), Liddle (CFO), Dow and Billingsley.

CAPITAL TRANSACTIONS AND SIGNIFICANT EVENTS

Capital Transactions

On December 4, 2007, the Company issued the first tranche of 22,140,000 units (the "Units") at a price of C\$0.20 per Unit, for gross proceeds of C\$4,428,000. Each Unit consists of one common share priced at C\$0.20 and one-half of one share purchase warrant; each whole warrant entitling the holder to purchase one additional common share at a price of C\$0.30 expiring two years from the closing date. A second and final tranche of 2,860,000 Units for gross proceeds of C\$572,000 was issued in January 2008, thereby completing the private placement totalling C\$5m.

Newmont Mining Corporation Joint Venture - Hauraki Region

On February 26 2007, Glass Earth's wholly owned subsidiary, GENZL, entered into an agreement with Waihi Gold Company Limited (a subsidiary of Newmont Mining Corporation) whereby Newmont will explore GENZL's extensive permit area in the Hauraki Region, North Island, New Zealand.

The Agreement terms provide that Newmont may earn an equity interest in each of the 3 sectors of the Hauraki Region (named Northern, Central and Southern) by undertaking exploration programs (including drilling) as follows:

v) To earn an initial 65% equity in a venture area, by expending over a 4 year period;

- Circa C\$1.37m (NZ\$1.65m) on the Northern Hauraki Venture Area;
- Circa C\$1.45m (NZ\$1.75m) on the Central Hauraki Venture Area;
- Circa C\$2.3m (NZ\$ 2.8m) on the Southern Hauraki Venture Area.

vi) Newmont may elect to prepare a feasibility study to earn a further 10% in a venture area;

vii) GENZL and Newmont will be liable (in proportion to their equity interests) for the Geoinformatics Exploration Inc 2% royalty on any production from identified and acknowledged targets in the Hauraki Region permit area.

GCO Minerals Company Joint Venture – Central Volcanic Region

Pursuant to a February 2007 Letter of Intent, on August 26 2007, GENZL entered into an agreement with GCO Minerals Company ("GCO") to carry out a Joint Venture on GCO's Exploration Permits 40 656, 40 690 and 40 691 which are contiguous to GENZL's significant permit holdings, in the Central Volcanic Region of the North Island of New Zealand.

The terms of the joint venture are as follows:

GENZL to spend NZ\$500,000 (circa C\$415,000) meeting near and mid term work obligations of the GCO Permits in order to keep them in good standing;

- a. GENZL to earn a 70% equity in the Permits upon expending the NZ \$500,000 and be the manager of the Joint Venture; and
- b. Subsequent to GENZL earning its 70% equity in the GCO Permits, GCO may elect to fund its percentage interest share of joint venture expenditure, or may

elect to dilute under an agreed formula, under any successive program and budget.

Otago Region Airborne Geophysical Survey

In 2007, Glass Earth embarked on its second region-wide airborne geophysical survey and “data intervention” project. The geophysical survey (fixed gross cost C\$3.2m/NZ\$4m, as reduced by a contribution from the Otago Regional Council of NZ\$1m (C\$0.75m), took 7 months to complete and involved Electro-Magnetic, Magnetic and DTM remote data collection exceeding 52,000 line kilometers flown. This is the largest airborne geophysical survey ever conducted in New Zealand. Contemporary airborne geophysical technology had not previously been applied over the Otago Region.

The geophysical survey covered 13,000 square kilometers of prospective gold bearing terrain, encompassing the historic Otago alluvial goldfields (8 million ounce historic gold production) and the 7.2 million ounce Macraes gold mine, New Zealand’s largest producing hard-rock gold mine (providing a geophysical template of a major mesothermal gold system). The completion of the geophysical survey process marked the commencement of the interpretation and targeting, which is being followed by an extensive on-ground evaluation of the Company’s Otago Region permit areas (commenced in November 2007).

Otago Region Joint Ventures

GENZL has entered into separate Letters of Intent with Australasia Gold Ltd and Aurora Minerals Ltd to facilitate exploration on their Otago gold prospects. Their permit areas are contiguous to Glass Earth’s permit holdings in the Otago Region. The summarised terms of the joint ventures are as follows:

Glass Earth will earn 70% equities in the permits, by completing the following work, which is an integral part of the Otago Region survey:

- Fund an airborne geophysical survey over all or parts of their permit areas;
- Process, interpret the data and identify gold targets; and

Initiate follow-up exploration campaigns

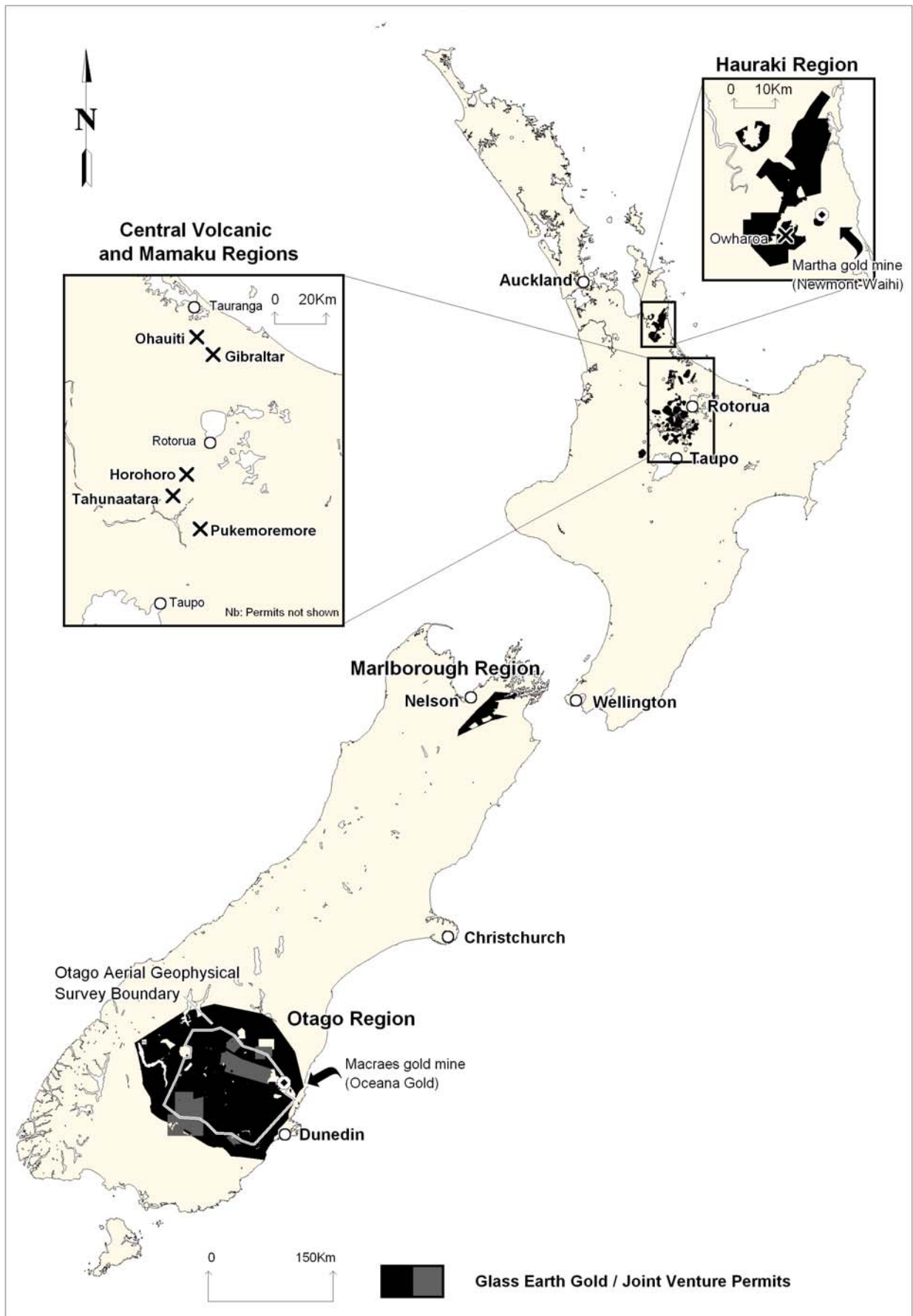
Glass Earth may earn a 70% interest in the joint ventures by spending NZ\$750,000 (circa \$620,000) on the Aurora permit and NZ\$150,000 (circa C\$124,000) on the Australasia permits. After Glass Earth has met its expenditure obligations, the other party may elect to fund its 30% interest of joint venture expenditure, or dilute. If the other party dilutes its interest to 20%, it will retain such 20% as a carried interest until commencement of a bankable feasibility study. Prior to a decision being made on commencing a bankable feasibility study, the other party may elect to claw back to a 30% interest in the joint venture by reimbursing GENZL an amount equal to twice what it would have spent had it been contributing pro-rata for its 30%.

On December 7, 2007, GENZL entered into an agreement with New Zealand Minerals Limited, whereby New Zealand Minerals will contribute its Prospecting Permit 39-320 (1,793 km²) and up to NZ\$437,500 (C\$328,000) towards the Otago Region Airborne Geophysical Survey costs in return for a 10% equity in Glass Earth’s combined Otago Region tenement portfolio covering over 23,000 square kilometers.

In 2007, GENZL entered into an arrangement with the Otago Regional Council in terms of which the Otago Regional Council will fund up to NZ\$ 1 million (Circa C\$0.8m) towards the

Otago Region Airborne Geophysical Survey costs in return for access to the geophysical data base arising from the Survey. Of the NZ\$1m, NZ\$763,000 was paid prior to December 31 2007, with the balance received post year end.

EXPLORATION UPDATE



Glass Earth has established a large portfolio of gold prospecting and exploration permits in New Zealand, including:

- Advanced gold prospects in the **Hauraki-Waihi** area;
- Advanced and greenfields gold prospects at the **Mamaku**, between Rotorua and Tauranga;
- Greenfield gold prospects in the **Central Volcanic** Region, between Rotorua and Taupo; and
- Advanced and greenfields gold prospects in the **Otago** mesothermal gold fields, including a 17,980 square kilometer prospecting permit area which it believes is prospective for Macraes style gold mineralization. Additional joint ventures and other arrangements have increased the exploration area in the Otago region to over 23,000 square kilometers.

Glass Earth has built this portfolio using a “new generation” approach focused on identifying specific deposit criteria for “world class ore-bodies”. This approach uses international leading edge technology via Glass Earth’s alliance with Geoinformatics Exploration Inc. (“**Geoinformatics**”), a Canadian listed technology orientated exploration group, whose process provides a structured and disciplined approach to scientific data capture, validation, compilation, integration, modeling and target generation for gold and other mineral deposits. Geoinformatics is entitled to a two percent Net Smelter Royalty on gold produced from targets initially identified in the Hauraki, Mamaku and Central Volcanic Regions (the Stage 2 Target Bank), that Glass Earth owns or acquires.

The Company’s exploration activities are carried out solely in New Zealand by its wholly owned subsidiary, GENZL. GENZL has carried out prospecting and exploration for gold and silver in the Hauraki / Central Volcanic Region since its incorporation in September 2002. From incorporation to May 2004, GENZL sourced legacy data and created a multidimensional single database using the Geoinformatics’ Intervention Process. As a result of this advanced method of analysis, on GENZL’s permit areas only, an initial total of 29 gold exploration targets were identified.

As a follow-up to this analysis, from March to July 2005, 44,000 line kilometers of airborne (magnetic and gravity) geophysical surveys were carried out, better defining existing targets and identifying additional targets. In December 2005, GENZL was granted six Exploration Permits over 21 of the more advanced targets identified. Exploration Permits allow for higher impact work programs and are granted for a duration of five years, with a right of renewal of a further five years for up to one half of the area covered by the original Exploration Permit. The Exploration Permits granted contain certain work obligations in relation to each of the individual areas covered by the permits. The work programs are minimum obligations in order to retain individual permits in good standing. The Company expects to progress exploration activities more rapidly than the minimum obligations depending on available financing. The original main Prospecting Permit 39-241 expired on 21 October 2007 and all remaining targets of interest have been protected by Exploration Permit applications.

In the South Island, subsequent to the acquisition of HPD in March 2006, the Company applied for and was granted PP 39 322 over almost 18,000 km² of the Otago Region enveloping most of HPD’s existing permits. A large airborne geophysics campaign was conducted in 2007 with analysis and interpretation of that data underway as augmented by on-the-ground follow-up prospecting.

Recent highlights

- Hauraki Region (Newmont Joint Ventures): drilling on Waihi West permit (adjacent to 10Moz Martha gold mine) provides incentive to consider the extension of the Martha pit into Glass Earth's permit area; and regional targets advanced through HoistEM (helicopter-borne electro-magnetic surveying) with interesting resistivity anomalies highlighted, and on-ground exploration commenced;
- Central Volcanic and Mamaku Regions: on-ground 3D resistivity (E-SCAN®) surveying technology implemented for the first time in New Zealand, over 4 targets – provides Glass Earth with a 3D model of the resistivity of underlying features, revealing large resistors (potential gold-bearing quartz veins) to be further investigated through test-drilling;
- Largest ever airborne geophysical survey in New Zealand, completed over the Otago Region between January and July 2007 – over 50,000 line kilometres flown, using Fugro's leading-edge Resolve™ system to collect high quality electro-magnetic (EM) and magnetic data, in a region where contemporary geophysical technologies had never been applied. The state-of-the-art data highlighted large previously unknown geological structures (shear zones) with a potential for large mesothermal gold deposits – targeting began in September 2007 and on-ground exploration in November, focused on these anomalous features.

The following three regional exploration programs will be conducted or overseen from the Company's 5,000 square foot office / sample preparation / core shed facility in Rotorua (central North Island).

Hauraki Region

Following the successful compilation of legacy data and the airborne survey campaigns in 2005, numerous targets were identified and prioritized for more in-depth exploration, some of which were not included in Glass Earth's permit holdings at the time. Glass Earth moved strategically to acquire these target areas. The acquisition of HPD added 15 of these targets to Glass Earth's permit holdings, including several advanced epithermal gold targets in the Hauraki region.

Pursuant to the February 2007 Joint Venture agreement (see Capital Transactions and Significant Events above), Newmont has undertaken Hoist Electro Magnetic airborne surveying over the highest ranked targets in this region and has followed up with surface geochemistry and resistivity surveys. Drilling of selected targets has commenced.

As at 31 December 2007, Newmont has expended approximately 10% of the funds required for it to earn initial 65% equities in the permits comprising this region. Extensive exploration activities are planned for 2008.

Separately, at Waihi West (adjacent to the Martha gold/silver mine owned by Newmont, pursuant to an April 2006 Joint Venture agreement, Newmont has undertaken preparatory exploration and drilled 4 holes into this permit area, with modest results. As at 31 December 2007, Newmont has expended approximately 54% of the funds required for it to earn an initial 60% equity in this permit. Further exploration is planned for 2008.

Mamaku Region

Glass Earth considers that it has identified, through its geophysical surveys, the extension of the Coromandel Volcanic Arc deep into the Mamaku-Muir's Region. The Coromandel Volcanic Arc hosts the currently producing Martha gold mine and the Hauraki Goldfield. This newly-identified extension is on 100% Glass Earth owned permits. Within the Mamaku Region, Glass Earth has identified 17 new geophysical targets which are being followed up with reconnaissance mapping, geochemical sampling and on-ground geophysical prospecting. This known epithermal system is covered with up to 150 metres of volcanic ash.

Glass Earth has focused prospecting efforts on 14 targets, whilst negotiating for land access to the Muir's Reef area. A concerted regional mapping and geochemical sampling program has been undertaken, collecting stream sediment and rock chip samples. Anomalous gold values and/or significant hydrothermal alteration are confirmed at 5 targets.

Prospecting has advanced 8 of the 14 targets to the exploration stage with three (Ohauti, Ottawa and Gibraltar) climbing the ranking table significantly. Large scale E-SCAN® 3D resistivity surveys have been conducted at Ottawa and Gibraltar in 2007, with scout drilling planned in 2008 on positive results.

Central Volcanic Region

Since January 2006, Glass Earth has been engaged in a two-pronged approach to making a significant discovery in the CVR, progressing work on both advanced targets and regional reconnaissance targets.

Advanced targets

Detailed geological mapping, soil geochemical surveying and gridded resistivity (CSAMT and E-SCAN®) surveying have been campaigned over the top 21 targets in the past 24 months. Scout drilling (diamond drilling) commenced in May 2006 and has been undertaken as follows: Progressively, Tahunaatara (4 drill holes), Humphrey's Rd (2 drill holes), Thompson's (1 drill hole), Pukemoremore (1 drill hole) and Ohakuri (2 drill holes) have been drill-tested in an expanding drilling programme.

In August 2007, GENZL entered into a joint venture with GCO Minerals Company ("GCO") over GCO's permit areas in the CVR whereby GENZL could earn 70% ownership in the permits. The permits contain several higher ranked targets including Ohakuri. As at 31 December 2007, Glass Earth has earned the 70% ownership.

Drilling results have indicated the presence of epithermal gold systems with extensive alteration zones being intersected. Large scale E-SCAN® 3D resistivity surveys are underway over Pukemoremore (February 2008) and Horohoro (March 2008) in order to better target any follow-up drilling.

Regional Reconnaissance Targets

Over 50 other initial, lower ranked targets lay within Glass Earth's original PP 39 241 area in the CVR. These have now all been examined via surface mapping, reconnaissance geochemical sampling, rock chipping, petrology and data interrogation. Upon expiry of PP 39 241 in October 2007, Glass Earth applied for permits over targets suitable for further exploration but relinquished the balance of the targets. Costs associated with the relinquished targets have been written off.

Otago Region

The legacy data collection / geophysical intervention, over the Otago Region occupied all of 2007. It is planned to obtain a detailed geological understanding of the area allowing targeting of new areas with the potential for hardrock and/or alluvial gold.

The airborne geophysical survey commenced in January and was completed in August. The geophysical survey (fixed gross cost C\$3.2m/NZ\$4m, as reduced by a contribution from the Otago Regional Council of NZ\$1m (C\$0.75m), involved remote data collection exceeding 52,000 line kilometers flown. The survey used the helicopter-borne “RESOLVE™” EM system combined with a magnetic gradiometer. This system targets the top 100 metres of the earth’s crust (the zone of interest for Glass Earth) and employed two helicopters each towing a 9 metre Resolve™ drone.

The completion of the geophysical survey process marked the commencement in September of the interpretation and targeting, which was followed by scouting on-ground evaluation pre and post Christmas (the New Zealand summer period). Three separate teams have been accelerating exploration in the Otago region, examining coincident geophysical anomalies in different gold permissive terranes, prioritised by anomalous gold/tungsten occurrences noted either in legacy geochemical data records or geochemical data sets acquired from Newmont.

Bulk Leach Extractable Gold (“BLEG”) sampling and associated mapping of the Rock and Pillar Range and Rough Ridge areas have encouraged more intensive campaigns in those areas. At Serpentine, 2,250 soil samples were collected over an area of coincident gold/tungsten anomalies, strong magnetic lineations, high gold rock chip results over 3km² (1.0g/t to to 15g/t) and historic hard rock mining. As part of the soil sampling program geological mapping and the collection of pan concentrates to enable a gold morphology study have been completed. The results of this work were compiled during February to determine what further work is required.

Work programs for a further 2 prospects have been planned and approximately a further dozen targets have been identified and planning of work programs commenced.



FINANCIAL COMMENTARY

At December 31, 2007, the Company had net working capital of \$5,435,000 (2006: \$6,912,000), including cash and equivalents of \$6,096,000 (2006: \$7,316,000). In January 2008, a further \$572,000 in capital subscriptions was received as noted in the Capital Transactions section above.

Please refer to comments on adequacy of Company liquidity at the end of the Financial Statistics section.

Exploration Expenditures

Mineral exploration costs, which form the bulk of the Company's expenditures, at \$4.9m, were at a higher level than for 2006 (\$1.3m for 7 months) due to the Otago Region airborne geophysical survey which cost approximately a net \$2.3m (net of the Otago Regional Council and joint venturer contributions of NZ\$1.4m – approximately C\$1.1m). Newmont is funding exploration expenditures in the Hauraki Region. Other exploration costs were incurred principally in the Mamaku Region (2 E-Scans) and the Central Volcanic Region (7 drill holes, 2 E-Scans and regional prospecting).

The CVR regional prospecting undertaken completed the review and ranking of remaining targets in the original Prospecting Permit 39 241 (expired October 2007). Targets considered to warrant further exploration have been incorporated into the next level of permit (Exploration Permit). Lesser ranked targets were relinquished and a write-off of \$584,000 of prospecting costs accumulated over 4 years was made. A minor write off of \$35,000 was made in respect of a relinquished prospect in the Otago Region. This write down of mineral properties was made in December 2007.

Exploration expenditures have accumulated as set out in the Table below:

(In thousands of Canadian dollars.)

	Mar 31, 2007	Jun 30, 2007	Sep 30, 2007	Dec 31, 2007
Opening balance	6,317	7,954	9,357	10,021
Airborne surveys	994	671	(126)	227
Geological consulting, mapping and modeling	243	369	372	505
License rentals	104	104	237	(39)
Resistivity surveys	88	90	169	382
Drilling	208	169	12	164
Write off of Mineral Properties	-	-	-	(619)
Closing balance	7,954	9,357	10,021	10,641

Accumulated exploration expenditure by region is shown in the following table:

(In thousands of Canadian dollars.)

Project	Opening Balance	Mar 31, 2007	Jun 30, 2007	Sept 30, 2007	Dec 31, 2007	Write off	Closing Balance
Hauraki Region	1,648	21	21	1	-	-	1,691
Waihi West Joint Venture	103	-	-	-	-	-	103
Mamaku Region	405	10	31	156	322	-	924
Central Volcanic Region	3,533	453	593	433	468	(587)	4,893
Otago Region	628	1,153	758	74	449	(32)	3,030
	6,317	1,637	1,403	664	1,239	(619)	10,641

Narrative descriptions of exploration activities for the year are set out in the previous sections.

Significant Expenses of a Corporate Nature

The net loss for the year ended December 31, 2007 was \$2,686,000 (\$887,000 for 7 months to 31 December 2006) due to a write down of accumulated exploration expenditures on mineral properties of \$619,000 (nil 2006), non-cash expense of \$382,000 (\$535,000 for 2006) for stock based compensation and a deferred tax allowance of \$810,000 (nil 2006). The lower 2006 loss was also assisted by the inclusion of a foreign exchange gain of \$270,000.

Other significant expense categories are discussed as per below:

Expenditure	2007					2006		Notes
	31 March	30 June	30 Sept	31 Dec	Total	7 months ended 31 December		
Cost of sales	-	-	-	226	226	-	1	
Stock based compensation	158	-	-	224	382	535	2	
Forex (gain)	-	-	-	(9)	(9)	(270)	3	
General and administration	85	112	90	88	375	288	4	
Professional fees	29	39	31	71	170	133	5	
Net salaries (after exploration charges)	63	89	65	86	303	104	6	
Consulting fees	16	8	16	34	74	62		
Travel and accommodation	33	26	13	26	98	64		
All others	37	12	16	44	109	46		
Total	421	286	231	790	1728	962		

Notes

1. During the Otago Region airborne geophysical survey, some additional flying was undertaken for a third party. Revenue of \$285,000 was recorded against these costs of \$226,000. It is expected that this exercise is a one off.
2. During 2007, 3,705,000 stock options were granted to directors, consultants and employees of the Company, compared to 5,390,000 in 2006.
3. In 2006, substantial funds were held in New Zealand currency (being the currency in which most expenditures are incurred) as a result of the listing on the NZAX and the related fundraising of NZ\$10m. The currency gain in 2006 arose as a result of this action. Most funds are now held in Canadian currency.
4. General and Administration costs were down proportionally, relative to the 7 months in the 2006 period. Key costs were accounting services (\$115,000), Canadian representation and office costs (\$140,000), insurance (\$18,000) New Zealand office costs (\$102,000).
5. Professional fees include audit fees (\$49,000) and legal fees in relation to documenting the various joint ventures, land access arrangements and fundraisings (\$108,000) that periodically occur. For the first three quarters this related primarily to legal fees incurred in respect of Joint Venture Agreements and Letters of Intent that the Company entered into. For the December quarter, provision for the year-end audit, and the legal costs associated with the private placement, make up the bulk of the expense. It is anticipated that legal fees relating to joint venture documentation will reduce significantly in 2008.
6. Net salaries after exploration recharges are principally composed of the costs of the full time Chief Financial Officer most of the costs of the Data/IT manager, the Communications manager and 50% of the VP Exploration and Chief Operating Officer's salary (to reflect the split between exploration activities and the other corporate based work that he undertakes)

The Company employs 18 permanent staff in New Zealand, including its head office in Wellington, administration office in Auckland and exploration offices in Dunedin (Otago Region) and Rotorua (Central Volcanic Region).

Financial Statistics

As a result of the reverse take-over of the Company by GENZL on March 30, 2005, the consolidated financial statements for the periods ended December 31, 2007 and December 31, 2006, reflect the assets, liabilities and results of operations of GENZL, the legal subsidiary, prior to the reverse takeover and the consolidated assets, liabilities and results of operations of the Company and GENZL subsequent to the reverse takeover. The consolidated financial statements are issued under the name of the legal parent (the Company), but are deemed to be a continuation of the legal subsidiary (GENZL). Scheduled below are the quarterly and annual results for GENZL alone for the first three quarters of fiscal year 2005 and consolidated with the Company for the last quarter of 2005 and for fiscal 2006 onwards. In 2006 the Company changed its financial year end from May 31 to December 31. The change has been implemented by having a transition period of 7 months with the last day of the transition period being December 31, 2006.

(In thousands of Canadian dollars, except per share amounts.)

Fiscal Period	Revenue	Net Loss	Earnings / (Loss) per Share (cents)		Total Assets	Total LT Liab	Dividends
			Basic	Diluted			
2007 - Q4	-	1,965	(1.50)	(1.50)	17,750	-	-
2007 - Q3	59	136	(0.10)	(0.10)	13,458	-	-
2007 - Q2	-	241	(0.19)	(0.19)	13,773	-	-
2007 - Q1	-	344	(0.26)	(0.26)	13,952	-	-
Fiscal 2007	59	2,686	(2.05)	(2.05)	N/A	-	-
Dec 06	-	258	(0.20)	(0.20)	14,106	-	-
Sep06-Nov06	-	130	(0.16)	(0.16)	13,758	-	-
Jun06-Aug06	-	499	(0.72)	(0.72)	6,841	-	-
Dec 31, 2006	-	887	(0.99)	(0.99)	N/A	N/A	-
2006 - Q4	-	503	(0.80)	(0.80)	6,656	-	-
2006 - Q3	-	569	(0.94)	(0.94)	3,069	-	-
2006 - Q2	-	174	(0.30)	(0.30)	2,722	-	-
2006 - Q1	-	61	(0.11)	(0.11)	3,105	-	-
May 31, 2006	-	1,307	(2.12)	(2.12)	N/A	N/A	-
2005 - Q4	-	402	(0.65)	(0.65)	3,127	-	-
2005 - Q3	-	50	(0.14)	(0.14)	1,120	-	-
2005 - Q2	-	90	(0.25)	(0.25)	761	-	-
2005 - Q1	-	49	(0.14)	(0.14)	759	-	-
May 31, 2005	-	591	(0.96)	(0.96)	N/A	N/A	-

The following table summarizes the Company's cash flows and cash on hand:

(In thousands of Canadian dollars.)	12-months December 31, 2007	7-months Dec 31, 2006	12-months May 31, 2006
Cash	6,096	7,316	1,403
Working capital	5,434	6,912	1,127
Cash used by operating activities	(568)	(475)	(882)
Cash used by investing activities	(5,065)	(1,437)	(1,521)
Cash provided by financing activities	4,404	7,555	2,447

In the year ended December 31, 2007, \$4,428,000 was raised through the issue of 22,140,000 units at 20 cents per unit, each unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 30 cents per share for a period of two years following the date of issue of the units. Issue costs of \$24,000 were incurred in the year.

Liquidity

The Company has a history of successive capital raisings (as is usual for an exploration company). In March 2005 the Company listed on the Toronto Stock Exchange after raising \$2.8m; in early 2006 successive private placements raised \$2.5m and in late 2006 the Company listed on the New Zealand Stock Exchange after raising \$7.1m; in late 2007 and early 2008 further placements raised \$5.0m. The Company expects that further placements will be required in late 2008/early 2009.

The Company's core activity is gold exploration in the New Zealand, as supported by necessary administrative expenditures. The Company has 4 main project areas in New Zealand, being;

- Hauraki Region;
- Mamaku- Muirs Region;
- Central Volcanic Region; and
- Otago Region.

The **Hauraki Region** is subject to joint venture with Newmont Mining Corporation, whereby Newmont may earn up to a 75% equity in return for incurring exploration expenditures equivalent to the next 4 years of permit work obligations. Therefore, only limited Company monitoring expenditure is currently planned on this region.

The **Mamaku- Muirs** and **Central Volcanic Regions** are serviced by the Company's Rotorua office. Exploration expenditures, including staffing, permit rental, resistivity surveys and drilling totaling approximately \$210,000 per month are budgeted for fiscal 2008.

The **Otago Region** activity will centre on the integration of processing and interpreting of the data obtained from the airborne geophysics survey with ground based prospecting, exploration and drilling. Exploration expenditures, including resistivity surveys and drilling totaling approximately \$180,000 per month are budgeted for fiscal 2008.

The Company's General and Administrative expenditures are expected to be approximately \$900,000 for fiscal 2008. The Company's cash of \$6.1m as at 31 December 2007 is considered sufficient to carry the Company through into the first quarter 2009.

Related Party Transactions

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the fair value as agreed between management and the related parties.

- h) Mr. S. Henderson (a director and former shareholder of GENZL) became an employee of GENZL on April 1, 2005. He received \$208,179 for the year (seven months ended December 31, 2006: \$82,982).
- i) Mr. P. Liddle (a director and former shareholder of GENZL) became an employee of GENZL on May 15, 2006. He received \$137,408 for the year (seven months ended December 31, 2006: \$64,830).
- j) During the year management fees of \$60,000 were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of Mr. G Laing (seven months ended December 31, 2006: \$18,136).

- k) During the year, \$60,598 was paid or accrued to St George Minerals Ltd, (a company of which Mr. G Laing is a director) for the provision of office and related facilities in Toronto (seven months ended December 31, 2006: \$31,946). For the year ended May 31 2006, \$9,000 was advanced to St George Minerals, and remains outstanding at the period end.
- l) During the year, \$12,000 was paid to non-executive director Mr. R Billingsley for additional duties of a technical nature (seven months ended December 31, 2006: \$7,000).
- m) During the year no amounts were paid to non-executive director Mr. J. Dow (seven months ended December 31, 2006: \$7,630).
- n) At December 31, 2007, a net balance of \$5,386 was owing by the Company's parent company, St Andrew Goldfields Limited, for expenses incurred by the Company on its behalf (seven months ended December 31, 2006: \$15,000).

Other Matters

Use of Financial Instruments

In the year ended December 31, 2007, Glass Earth did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities. Foreign currency exposure is minimized by retaining the majority of cash (approximately 90%) in Canadian dollar denominated instruments. Funds expected to be expended in New Zealand dollars in the short-term are held in New Zealand dollar denominated investments (approximately 10%).

Contractual Obligations and Commitments

- a) GENZL had no expenditure commitments as at December 31, 2007 (\$1,990,859 as at 31 December 2006)
- b) GENZL has granted a 2% production royalty to Geoinformatics Exploration Ireland Ltd in respect of any production achieved from the Company's interests on targets identified and placed in the Target Bank, as a result of the Intervention Project over the Hauraki/Mamaku/CVR areas.
- c) Under the terms of non-cancelable operating leases, the Company is committed to rental payments as follows :

	\$
2008	48,953
2009	5,094
	<u>54,047</u>

Off-Balance Sheet Arrangements and Contingent Liabilities

Glass Earth has no off-balance sheet arrangements or contingent liabilities, not already discussed above.

Critical Accounting Policies and Estimates

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of any contingent assets and liabilities as at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the period. These estimates are based on historical experience and other assumptions that are believed to be reasonable under the circumstances.

The Company's significant accounting policies are those that affect its consolidated financial statements, and are summarized in Note 4 of the audited consolidated financial statements for the year ended December 31, 2007. Critical accounting policies and estimates in the year included capitalization of the costs relating to the acquisition, exploration and development of non-producing resource properties and the recognition of impairment of those assets, the allocation of proceeds on the purchase or sale of assets, the valuation of stock based compensation, warrants and tax accounts, and contingent liabilities.

Actual results could differ from these estimates.

Mineral Properties

The decision to capitalize exploration expenditures, and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits, can materially affect the reported earnings of the Company. Glass Earth follows Canadian GAAP. In line with accepted industry practice for exploration companies, the Company has adopted the policy of deferring property specific acquisition, exploration and development costs. Deferred costs relating to properties that are relinquished, or where continued exploration is deemed inappropriate, are written off in the year such assessment is made. If Glass Earth adopted a policy of expensing all exploration costs, the Company's asset base, shareholders' equity, and loss from operations would be materially different. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values. The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

Asset retirement obligations

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration, development or mining properties. This amount is initially recorded at its discounted present value, with subsequent annual recognition of an accretion amount on the discounted liability. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties.

As the Company does not currently have any material legal obligations relating to the reclamation of its mineral properties, the adoption of this standard had no impact on the accounts of the Company.

SUBSEQUENT EVENTS

Private Placement

On January 30, 2008 the company announced the completion of the second and final tranche of a non-brokered private placement. A total of 2,860,000 units (the “units”) at a price of C\$0.20 per unit were issued, for gross proceeds of C\$572,000. Each unit consists of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of C\$0.30 per share for a period of two years following the date of issue of the units.

OUTLOOK

By unlocking the value in the data available and enabling objective targeting and ranking through the conversion of data into information and from there into knowledge, Glass Earth is building a predictive framework for the discovery of new gold deposits. This approach ensures ongoing objectivity for individual prospects, discarding of potential failures, and an enhanced understanding of the multidimensional geology and mineral deposit process. The Company has already applied this process in the Hauraki / Central Volcanic Regions, where the Data Intervention project kick-started the generation of new gold targets and was augmented by the implementation of two major airborne geophysical surveys. Glass Earth has commenced ground verification of its portfolio of targets through drilling.

Glass Earth has commenced its second Data Collation / Interrogation project in the Otago mesothermal gold region, with an integrated geological data base compilation and airborne geophysical survey program similar to the one completed in the Hauraki / Central Volcanic Regions.

Glass Earth’s pipeline of prospects at different stages of development offers a well-balanced portfolio of quality exploration prospects.

Endorsement of this approach was obtained by Glass Earth entering into joint ventures with Newmont Mining Corporation on the Company’s Waihi West exploration permit alongside the Martha mine and the Hauraki Region permit portfolio.

Glass Earth’s medium term aim is to develop into a significant gold producer, but also sees earlier opportunities to create and capture value purely through successful exploration. The worldwide exploration industry has been severely diminished by acquisition and merger, which has dramatically reduced the commitment to greenfields exploration. Glass Earth intends to exploit a potential valuable gap by generating and managing the early stages of resource identification and development of world-class gold deposits. Delineation of such resources can generate significant premium and value-add at the exploration stage.

Recent financing activities in Canada and New Zealand should provide Glass Earth with adequate exploration funding through to the first quarter of 2009.

For additional information, please refer to the Company’s website at www.glassearthlimited.com and for regulatory filings, including news releases, please refer to www.SEDAR.com.

RISKS, UNCERTAINTIES AND OTHER ISSUES

Glass Earth's business of exploring mineral resources involves a variety of operational, financial and regulatory risks that are typical in the natural resource industry. The Company attempts to mitigate these risks and minimize their effect on its financial performance, but there is no guarantee that the Company will be profitable in the future. Glass Earth's common shares should be considered speculative.

Nature of Mineral Exploration and Development Projects

The business of exploring for minerals involves a high degree of risk. Few properties that are explored are ultimately developed into mines. Glass Earth's properties are in the exploration stage and at present do not contain a known body of commercial ore. The proposed exploration programs are an exploratory search for such a deposit. The long term profitability of the Company's operations will be in part directly related to the cost and success of its exploration programs, which may be affected by a number of factors that are beyond the control of the Company.

Glass Earth's operations are subject to all the hazards and risks normally associated with the exploration for gold and silver, any of which could result in damage to life, or property, or the environment. The Company's operations may be subject to disruptions caused by unusual or unexpected formations, formation pressures, fires, power failures, flooding, explosions, cave-ins, landslides, the inability to obtain suitable or adequate equipment or machinery, labour disputes or adverse weather conditions. Although the Company maintains insurance to cover normal business risks, the availability of insurance for many of the hazards and risks is extremely limited or uneconomical at this time. Through high standards and continuous improvement, the Company works to reduce these risks.

In the event the Company is fortunate enough to discover gold and/or silver deposits, the economics of commercial production depend on many factors, including the cost of operations, the grade of the gold and/or silver and any associated minerals, proximity to infrastructure, metal prices, financing costs and Government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effects of these factors cannot be accurately predicted, but any combination of these factors could adversely affect the economics of commencement or continuation of commercial production.

The profitability of the Company's operations will be dependent, inter alia, on the market prices of gold and silver, which are affected by numerous factors beyond the control of the Company, including international economic and political conditions, levels of supply and demand, and international currency exchange rates.

Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors, and other factors. If mineralization is discovered, it may take several years in the initial phases of exploration until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

Financing risk, until such time as the Company is cash flow positive

In the absence of cash flow from operations, Glass Earth relies on the capital markets to fund operations. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that additional funding will be available, or available under terms favourable to the Company. Failure to obtain such additional finance could result in delay or the indefinite postponement of further exploration and the development of the Company's properties.

Licenses and Permits, Laws and Regulations

Glass Earth's exploration activities require permits from various government authorities, and are subject to extensive federal, provincial and local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. Glass Earth draws on the expertise and commitment of its management team, their advisors, its employees and contractors to ensure compliance with current laws and fosters a climate of open communication and co-operation with regulatory bodies.

The Company believes that it holds, or has applied for, all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are required in connection with the exploration activities proposed for the properties. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

Environmental

Exploration, development and mining operations are subject to various environmental laws and regulations including, for example, those relating to waste treatment, emissions and disposal, and companies must generally comply with permits or standards governing, among other things, tailing dams and waste disposal areas, water consumption, air emissions and water discharges. Existing and possible future environmental legislation, regulations and actions could cause significant expense, capital expenditures, restrictions and delays in the Company's activities, the extent of which cannot be predicted and which may well be beyond the capacity of the Company to fund. Glass Earth's right to exploit any minerals it discovers is subject to various reporting requirements and to acquiring certain Government approvals and there is no assurance that such approvals, including environmental approvals, will be granted without inordinate delays or at all.

Claim Titles and Aboriginal Rights

Aboriginal rights in New Zealand reside in the indigenous population known as Maori. Maori, individually or collectively may advance claims on Crown properties, or other types of tenure, with respect to which mining rights have been conferred. Glass Earth is not aware of any such land claims having been asserted or any legal actions relating to Maori issues having been instituted with respect to any of the Company's properties. The legal basis of a land claim is a matter of considerable legal complexity and the impact of a land claim settlement and self-government agreements cannot be predicted with certainty. In addition, no assurance can be given that a broad recognition of Maori rights by way of a negotiated settlement or judicial pronouncement would not have an adverse effect on the Company's activities. Such impact could be marked and in certain circumstances, could delay or even

prevent the Company's exploration or mining activities. The Company is aware of the mutual benefits afforded by a co-operative relationship with the Maori, in conducting exploration activity and is supportive of measures established to achieve such cooperation.

Dependence on Key Personnel

The Company's performance is dependent upon the performance and continued services of its current key management. While it has entered into contracts and adopted a stock option plan with the aim of securing the services of the existing management and staff, the retention of their services cannot be guaranteed. Accordingly, the loss of any key management of the Company may have an adverse effect on the future of the Company's business. The Company competes with numerous other companies and individuals in the search for, and acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and contractors.

Joint Ventures

The Company holds, and expects to hold in the future, interests in joint ventures. Joint ventures may involve special risks associated with the possibility that the joint venture partners may:

- have economic or business interests or targets that are inconsistent with those of the Company;
- be unwilling or unable to fulfill their obligations under the joint venture or other agreements;
- take action contrary to the Company's policies or objectives; or
- experience financial or other difficulties.

Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Company.

Conflicts of Interest

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors and/or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict. From time to time, the Company, together with other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies. In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of Glass Earth. In determining whether or not the Company will participate in a particular program or transaction and the terms of such participation, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no procedures or mechanisms to deal with conflicts of interest.

RECENT CANADIAN ACCOUNTING DEVELOPMENTS

Recently issued Canadian accounting pronouncements from the Canadian Institute of Chartered Accountants (“CICA”) are not expected to have any significant effect on the Company’s financial statements or policies..

Recent accounting procedures and change in accounting standards and accounting policies adopted during 2007

New accounting policies adopted

Financial instruments

Effective January 1, 2007, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 1530, Comprehensive Income; Section 3855, Financial Instruments – Recognition and Measurements; Section 3861, Financial Instruments – Disclosure and Presentation; and Section 3865, Hedges. Section 1530 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. These standards provide for disclosure and presentation of financial assets, financial liabilities and non-financial derivatives, and described when and how hedge accounting may be applied. Under the new standards, policies followed for periods prior to the effective date generally are not reversed and therefore, the comparative figures have not been restated. The adoption of these Handbook Sections had no impact on opening deficit.

Under Section 3855, all financial assets are classified as held-for-trading, held-to-maturity investments, loans and receivables or available-for-sale categories. Also, all financial liabilities must be classified as held-for-trading and other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows; (i) held-for-trading financial asset and liabilities are measured at fair value, and the gain and loss arising from the change in the fair value is included in net income for the period in which it arises; (ii) available-for-sale financial assets are measured at fair value with changes in fair value recorded in other comprehensive income (“OCI”) until the financial asset is derecognised or impaired, at which time all cumulative gain and loss is then recognised in net income.

Upon adoption of these new standards, the Company designated its cash and cash equivalents, and restricted cash as held-for-trading, which are recorded at fair value. Accounts receivables, clients pay due and accrual liabilities are measured at amortized cost. The Company had neither available-for-sale, not held-to-maturity instruments during the year ended December 31, 2007.

Derivatives embedded in other financial instruments or contracts (the host instrument) are recorded as separate derivatives and are measured at fair value if the economic characteristics of the embedded derivative are not closely related to the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative and the total contract is not held-for-trading or accounted for at fair value. The Company did not identify embedded derivatives that require separation from the related host contract and measurement at fair value.

Comprehensive income consists of net earnings and OCI. OCI refers to items recognised in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. The company does not have any items that would be recorded in OCI.

Recent accounting pronouncements

In December 2006, the CICA issued Section 1535, Capital Disclosures, which is effective for fiscal years beginning on or after October 1, 2007. This standard requires disclosure of information that enables users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital. The adoption of this standard is not expected to have a significant effect on the Company's financial statements.

In December 2006, the CICA issued Section 3862, Financial Instruments – Disclosure, and Section 3863, Financial Instruments – Presentation. These standards enhance existing disclosure requirements in previously issued Section 3861. Section 3862 requires disclosures in the financial statements that will enable users to evaluate: the significant of financial instruments for the Company's financial position and performance; and the nature and extent of risks arising from financial instruments to which the Company is exposed during the reporting period and at the balance sheet date, and how the Company manages those risks. Section 3863 carries forward the same presentation standards as Section 3861. These new standards are effective for fiscal years beginning on or after October 1, 2007.

SUPPLEMENTAL TO THE FINANCIAL STATEMENTS

Outstanding Share and Option Data

Glass Earth's shares trade on the TSX Venture Exchange and the New Zealand Alternative Exchange ("NZAX") under the symbol "GEL". The Company is authorized to issue an unlimited number of common shares without par value. As at March 11, 2008, the following items were issued and outstanding:

- 154,902,633 common shares;
- 14,245,000 common share purchase options with an average exercise price of \$0.17 per share and expiry dates of between February 22, 2011 and December 13, 2012;
- 25,735,832 unlisted common share purchase warrants with an average exercise price of \$0.28 per share and expiry dates of between January 13, 2008 and January 29, 2010; and
- 20,000,000 listed (on the NZAX) common share purchase warrants with an exercise price of NZ\$0.35 (approximately \$0.26) per share and expiry date of October 13, 2008.

Pursuant to escrow agreements with the TSX Venture Exchange, the following holdings are the subject of escrow provisions:

- the 36,000,720 common shares issued to purchase GENZL, on March 31, 2005, with an initial 10% released immediately subject to a hold provision of 4 months. A further 15% was released on October 6, 2005 and will be released every 6 months thereafter.
- 5,018,000 common shares held as of the date of the purchase of GENZL by a control party, with an initial 10% released immediately subject to a hold provision of 4 months. A further 15% was released on October 6, 2005 and will be released every 6 months thereafter.

A total of 6,152,808 common shares remain subject to the provisions of the escrow agreement.

CORPORATE INFORMATION

Directors

Simon Henderson

President and Chief Executive Officer
Wellington, New Zealand

Peter Liddle*

Chief Financial Officer and Secretary
Auckland, New Zealand

John Dow*#

Non-executive Director
Nelson, New Zealand

Richard Billingsley#

Non-executive Director
Vancouver, British Columbia, Canada

Stephen Burns*

Non-executive Director
Toronto, Ontario, Canada

Paul C. Jones

Non-executive Director
Golden, Colorado, USA

* Members of the Audit Committee.

Members of the Compensation Committee.

Shareholders' Information

Stock Exchange Listings

- TSX Venture Exchange
- New Zealand Alternative Market

Symbol: **GEL**

Annual Meeting

The annual meeting of shareholders will be held at 2.00 p.m., Friday 27th June, 2008 at Suite 1750, 1185 West Georgia Street, Vancouver, British Columbia

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- Vancouver, British Columbia, Canada
- Auckland, New Zealand

Auditors

KPMG

Wellington, New Zealand

Legal Counsel

Canada

Salley Bowes Harwardt LLP

Barristers and Solicitors

Vancouver, British Columbia

New Zealand

Morrison Daly

Wellington, New Zealand