

**GLASS EARTH GOLD LIMITED**  
**(FORMERLY GLASS EARTH LIMITED)**  
**(A DEVELOPMENT STAGE COMPANY)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**THREE MONTH PERIOD ENDED MARCH 31, 2008**

**(Stated in Canadian Dollars)**

**NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financials by an entity's auditor.

**CONTENTS**

Management's Responsibility for Financial Reporting	2
Consolidated Balance Sheets	3
Consolidated Statement of Shareholders' Equity	4 - 5
Consolidated Statements of Operations, Comprehensive Loss and Deficit	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 25

**GLASS EARTH GOLD LIMITED**  
**(A DEVELOPMENT STAGE COMPANY)**

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**THREE MONTH PERIOD ENDED MARCH 31, 2008**

These consolidated interim financial statements are unaudited and have not been reviewed by the auditors.

**Responsibility for Consolidated Interim Financial Statements**

The accompanying consolidated financial statements for Glass Earth Gold Limited have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the December 31, 2007 audited annual financial statements. Only significant accounting principles and changes in accounting principles have been disclosed in these consolidated interim financial statements.

These consolidated interim financial statements are presented on the accrual basis of accounting. Accordingly, a precise determination of many assets and liabilities is dependent on future events. Therefore estimates and approximations have been made using careful judgment.

Recognizing that the Company is responsible for both the integrity and objectivity of the consolidated interim financial statements, management is satisfied that these consolidated interim financial statements have been fairly presented. This disclosure has been approved by the Board of Directors.

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

As at	<b>March 31 2008 (Unaudited) \$</b>	December 31 2007 (Audited) \$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and equivalents	4,972	6,096
Amounts Receivable	272	547
Advances and prepaid expenses	57	140
	<b>5,302</b>	<b>6,783</b>
Mineral Properties (Note 5)	11,564	10,641
Property and Equipment (Note 6)	362	326
	<b>11,926</b>	<b>10,967</b>
	<b>17,228</b>	<b>17,750</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	434	1,284
Accrued liabilities	48	65
	<b>482</b>	<b>1,349</b>
<b>Future Tax Liability (Note 11)</b>	<b>810</b>	<b>810</b>
<b>SHAREHOLDERS EQUITY</b>		
<b>Common Shares (Note 7(a))</b>	<b>17,212</b>	<b>16,716</b>
<b>Share Purchase Warrants (Note 7(b))</b>	<b>2,187</b>	<b>2,594</b>
<b>Contributed Surplus (Note 7(d))</b>	<b>2,287</b>	<b>1,804</b>
<b>Deficit Accumulated through Development Stage</b>	<b>(5,750)</b>	<b>(5,523)</b>
	<b>15,936</b>	<b>15,591</b>
<b>Going concern (Note 2)</b>	<b>17,228</b>	<b>17,750</b>
	<b>17,228</b>	<b>17,750</b>

**APPROVED ON BEHALF OF THE BOARD**

*“signed” Simon Henderson*  
**Simon Henderson, 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
	#	\$	\$	\$	\$	\$
<b>Balance - May 31, 2005</b>	<b>57,237,634</b>	<b>3,004</b>	<b>-</b>	<b>423</b>	<b>(643)</b>	<b>2,784</b>
- 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)
<b>Balance - May 31, 2006</b>	<b>79,902,633</b>	<b>6,618</b>	<b>464</b>	<b>1,156</b>	<b>(1,950)</b>	<b>6,288</b>
- 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)
<b>Balance - December 31, 2006</b>	<b>129,902,633</b>	<b>12,899</b>	<b>999</b>	<b>2,430</b>	<b>(2,837)</b>	<b>13,491</b>
-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)
<b>Balance - December 31, 2007</b>	<b>152,042,633</b>	<b>16,716</b>	<b>1,804</b>	<b>2,594</b>	<b>(5,523)</b>	<b>15,591</b>
-Issuance of shares on private placement,	2,860,000	572	-	-	-	572
- Valuation of warrants issued on private placement	-	(76)	-	76	-	-
- Stock option compensation expense	-	-	-	-	-	-
Expiration of warrants	-	-	483	(483)	-	-
Loss for the period	-	-	-	-	(227)	(227)
<b>Balance - March 31, 2008</b>	<b>154,902,633</b>	<b>17,212</b>	<b>2,287</b>	<b>2,187</b>	<b>(5,750)</b>	<b>15,936</b>

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

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

Consolidated Interim Statements of Operations, Comprehensive Loss and Deficit  
*(in thousands of Canadian Dollars, except per share amounts)*

	<b>3 months ended March 31 2008 (Unaudited) \$</b>	<b>3 months ended March 31 2007 (Unaudited) \$</b>
<b>Revenue</b>	-	-
<b>Expenses</b>		
Amortization	22	14
Consultancy fees	8	16
Exchange translation (gains) / losses	(8)	5
General and administration	123	85
Professional fees	16	29
Registry and filing	19	18
Salaries	55	63
Stock-based compensation (Note 7(c))	-	158
Travel and accommodation	17	33
	<b>252</b>	<b>421</b>
<b>Loss for the period before the undernoted</b>	<b>(252)</b>	<b>(421)</b>
Interest Income	25	77
<b>Loss before Income Taxes</b>	<b>(227)</b>	<b>(344)</b>
Income tax expense (Note 11)	-	-
<b>Net Loss and Comprehensive loss for the year / period</b>	<b>(227)</b>	<b>(344)</b>
<b>Deficit - beginning of year / period</b>	<b>(5,523)</b>	<b>(2,837)</b>
<b>Deficit - end of year / period</b>	<b>(5,750)</b>	<b>(3,181)</b>
<b>Loss per Share - Basic and Fully Diluted</b>	<b>(0.00)</b>	<b>(0.00)</b>
<b>Weighted average number of basic and fully diluted common shares outstanding during the period</b>	<b>153,991,203</b>	<b>129,902,633</b>

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

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

	<b>3 months ended March 31 2008 Unaudited \$</b>	<b>3 months ended March 31 2007 Unaudited \$</b>
<b>Cash Provided by (used in) :</b>		
<b>Operating Activities</b>		
Net loss for the year/period	(227)	(344)
Adjustments for non-cash items:		
Amortization	22	14
Exchange translation (gains) / losses	(8)	5
Stock-based compensation (Note 7(c))	-	158
Changes in non-cash working capital items:		
Amounts receivable	275	(76)
Advances and prepaid expenses	83	(43)
Accounts payable	(235)	60
Accrued liabilities	(17)	(28)
<b>Net cash used in Operating Activities</b>	<b>(107)</b>	<b>(254)</b>
<b>Financing Activities</b>		
Issuance of common shares, for cash	572	-
Share issue costs	-	-
<b>Net cash provided from Financing Activities</b>	<b>572</b>	<b>-</b>
<b>Investing Activities</b>		
Expenditures on mineral properties	(1,536)	(1,651)
Acquisition of property and equipment	(61)	(20)
<b>Net cash used in Investing Activities</b>	<b>(1,597)</b>	<b>(1,671)</b>
<b>Net (decrease)/increase in cash and equivalents</b>	<b>(1,132)</b>	<b>(1,925)</b>
<b>Cash and equivalents - beginning of year/ period</b>	<b>6,096</b>	<b>7,316</b>
<b>Foreign exchange gains on translation of monetary item</b>	<b>8</b>	<b>(5)</b>
<b>Cash and equivalents - end of year / period</b>	<b>4,972</b>	<b>5,386</b>
<b>Cash and equivalents consist of:</b>		
Cash	62	770
Short Term Investments	4,910	4,616
	<b>4,972</b>	<b>5,386</b>

**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 Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

**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.

**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.

For the period ended March 31, 2008, the Company had a net loss of \$277,000 (March 31, 2007: \$344,000) with an accumulated deficit at March 31, 2008 of \$5,750,000 (March 31, 2007: \$3,181,000) 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.



## **GLASS EARTH GOLD LIMITED**

### **(A Development Stage Company)**

Notes to Consolidated Interim Financial Statements

*(Tabular amounts in thousands of Canadian dollars)*

March 31, 2008

### **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).

**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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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. 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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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.

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

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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).

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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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 worked 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.

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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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, nor 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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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.

**5. Mineral Properties**

	<b>Three months March 31, 2008</b>	Twelve months December 31, 2007
	\$	\$
<b>Balance - beginning of period</b>	<b>10,641</b>	6,317
<b>Expenditure on Projects:</b>		
Airborne survey	-	1,765
Geological consulting, mapping and modeling	<b>515</b>	1,490
License rental	<b>134</b>	406
Resistivity surveys	<b>272</b>	729
Drilling	<b>2</b>	553
Total project expenditure for the period	<b>923</b>	4,943
Write down of Mineral Properties	-	(619)
<b>Balance - end of period/year</b>	<b><u>11,564</u></b>	<b><u>10,641</u></b>

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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, 2008	Expenditure to March 31, 2008	Closing Balance March 31, 2008
	\$	\$	\$
Hauraki Region	1,691	-	1,691
Waihi West Joint Venture	103	-	103
Mamaku - Muirs Region	924	43	967
Central Volcanic Region	4,893	370	5,263
Otago Region	3,030	510	3,540
	<u>10,641</u>	<u>923</u>	<u>11,564</u>

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	-	1,6491
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>

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



## **GLASS EARTH GOLD LIMITED**

### **(A Development Stage Company)**

Notes to Consolidated Interim Financial Statements

*(Tabular amounts in thousands of Canadian dollars)*

March 31, 2008

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:

- 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 had earned this 70% equity.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

**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 km<sup>2</sup>) 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 km<sup>2</sup>.

**6. Property and Equipment**

	March 31, 2008			December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Computer Equipment	216	89	127	152	73	79
Motor Vehicles	210	43	167	210	34	176
Leasehold Improvements	56	17	39	56	14	42
Office furniture and equipment	34	5	29	32	3	29
	<b>516</b>	<b>154</b>	<b>362</b>	<b>450</b>	<b>124</b>	<b>326</b>

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

**7. Shareholders' Equity**

a) Common Shares

*Authorized:*

Unlimited number of common shares with no par value.

*Issued and Outstanding:*

	<b>Number of Common Shares</b>	<b>Amount</b>
	#	\$
Outstanding December 31, 2006	129,902,633	12,899
Issued pursuant to private placement (i)	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
Issued pursuant to private placement (ii)	2,860,000	572
Share Purchase Warrant Valuation (Note 7(b))	-	(76)
<b>Outstanding March 31, 2008</b>	<b>154,902,633</b>	<b>17,212</b>

- (i) 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.
- (ii) On January 30, 2008, 2,860,000 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.
- (iii) 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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

At March 31, 2008 a total of 6,152,808 common shares remain subject to the provisions of the escrow agreements.

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 December 31, 2006	43,375,998	0.27	2,430	0.06
Granted - December 13, 2007	11,070,000	0.30	587	0.05
Exercised	-	-	-	-
Cancelled/Expired	(7,043,500)	-	(423)	-
Balance December 31, 2007	47,402,498	0.27	2,594	0.05
Granted - January 30, 2008	1,430,000	0.30	76	0.05
Exercised	-	-	-	-
Cancelled/Expired	(9,665,833)	-	(483)	-
<b>Balance March 31, 2008</b>	<b>39,166,665</b>	<b>0.27</b>	<b>2,187</b>	<b>0.06</b>

Summary of outstanding warrants at March 31, 2008:

Expiry Date	Exercise Price \$ per share	Warrants outstanding #	Fair value \$
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
January 30, 2010	0.30	1,430,000	76
		<u>39,166,665</u>	<u>2,187</u>

Subsequent to balance sheet date the 1,666,666 warrants with an expiry date of April 19, 2008 expired unexercised.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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:

	<b>2007</b>	<b>2006</b>
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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

The following stock options were outstanding at March 31, 2008:

	<b>Number of Options Issued and Vested #</b>	<b>Weighted Average Exercise Price \$ per share</b>	<b>Weighted Average Fair Value \$ per share</b>
Balance - December 31, 2006	11,140,000	0.1603	0.0880
Granted	3,705,000	0.1914	0.1030
Exercised	-	-	-
Cancelled/Expired	(600,000)	-	-
Balance - December 31, 2007	14,245,000	0.1683	0.0911
Granted	-	-	-
Exercised	-	-	-
Cancelled/Expired	-	-	-
<b>Outstanding - March 31, 2008</b>	<b>14,245,000</b>	<b>0.1683</b>	<b>0.0911</b>
Exercisable - March 31, 2008	14,245,000	0.1683	0.0911

The weighted average remaining contractual life of the options is three years and six months as of March 31, 2008.

d) Contributed Surplus

The following summarizes contributed surplus activity during the period:

	<b>March 31, 2008</b>	<b>December 31, 2007</b>
	<b>\$</b>	<b>\$</b>
Balance, beginning of period	1,804	999
Stock-based compensation in the period on		
- Stock options granted / vesting	-	382
Expiration of Share Purchase Warrants	483	423
<b>Balance, end of period</b>	<b>2,287</b>	<b>1,804</b>

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

**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 \$44,017 for the current period (three months ended March 31, 2007: \$39,696).
- b) Mr. P. Liddle (a director and former shareholder of GENZL) became an employee of GENZL on May 15, 2006. He received \$36,014 for the current period (three months ended March 31, 2007: \$31,012).
- c) During the current period management fees of \$15,000 were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of Mr. G Laing (three months ended March 31, 2007: \$15,000).
- d) During the current period, \$20,395 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 (three months ended March 31, 2007: \$15,383). 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 current period, \$3,000 was paid to non-executive director Mr. R Billingsley for additional duties of a technical nature (three months ended March 31, 2007: \$3,000).
- f) At March 31, 2008, 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 (three months ended March 31, 2007: \$3,755 owing by the Company).

**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 March 31, 2008 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.

**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

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**

	<b>Three months ended March 31, 2008 (Unaudited) \$</b>	<b>Three months ended March 31, 2007 (Unaudited) \$</b>
Operating (Loss) by segment:		
New Zealand	(149)	(145)
Canada	(78)	(199)
Consolidated Operating Loss	(227)	(344)
	<b>March 31, 2008 (Unaudited)</b>	<b>March 31, 2007 (Unaudited)</b>
Assets by Segment:		
New Zealand	16,558	10,387
Canada	670	3,565
Consolidated Total Assets	17,228	13,952
Total Liabilities by Segment:		
New Zealand	456	613
Canada	26	34
Consolidated Total Liabilities	482	647



**GLASS EARTH GOLD LIMITED**  
**(A Development Stage Company)**  
Notes to Consolidated Interim Financial Statements  
*(Tabular amounts in thousands of Canadian dollars)*  
March 31, 2008

**11. Income Taxes**

- a) Capitalized exploration expenditures - Future tax liability:

	<b>March 31, 2008</b>	December 31, 2007
Future tax liability on capitalized exploration expenditure	<b>3,511</b>	3,511
Tax effect of exploration expenditure losses carried forward - GENZL	<b>(2,701)</b>	(2,701)
	<u><b>810</b></u>	<u>810</u>

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 period, or at December 31, 2007.
- 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	36,967
2009	<u>5,407</u>
	<u><u>42,374</u></u>