GLASS EARTH GOLD LIMITED
(FORMERLY GLASS EARTH LIMITED)

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTH PERIOD ENDED MARCH 31, 2010

(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.

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CONSOLIDATED INTERIM FINANCIAL STATEMENTS
THREE MONTH PERIOD ENDED MARCH 31, 2010

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, 2009 audited annual 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 Balance Sheets
(in thousands of Canadian Dollars)

As at	**March 31 2010 (Unaudited) $**	December 31 2009 (Audited) $
ASSETS		
Current Assets		
Cash and equivalents	**38**	132
Amounts receivable	**63**	41
Advances and prepaid expenses	**36**	157
	137	330
Mineral Properties (Note 3)	**12,638**	12,540
Property and Equipment (Note 4)	**187**	238
	12,825	12,778
	12,962	13,108
LIABILITIES		
Current Liabilities		
Accounts payable	**395**	305
Accrued liabilities	**25**	56
	420	361
Subscriptions for equity received in advance (Note 5(a)(iii))	**-**	286
Future Tax Liability (Note 9)	**97**	97
SHAREHOLDERS' EQUITY		
Common Shares (Note 5(a))	**17,467**	17,311
Share Purchase Warrants (Note 5(b))	**153**	111
Contributed Surplus (Note 5(d))	**4,549**	4,473
Deficit Accumulated through Development Stage	**(9,724)**	(9,531)
	12,445	12,364
Going concern (Note 1)		
Subsequent events (Note 12)		
	12,962	13,108

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 Retained Earnings
(in thousands of Canadian Dollars except for share issuance costs)

	Common Shares Refer to note 5 re share consolidation	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders' equity
	#	$	$	$	$	$
Balance - May 31, 2005	**11,447,526**	**3,004**	**-**	**423**	**(643)**	**2,784**
- Issuance of shares on private placement, net of issuance costs of $22,000	2,000,000	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))	2,533,000	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	**15,980,526**	**6,618**	**464**	**1,156**	**(1,950)**	**6,288**
- Issuance of shares on private placement, for which funds were received in May 2006	1,333,333	-	-	-	- -	-
- Issuance of shares on private placement, net of issuance costs of $8,000	666,667	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	8,000,000	7,063	-	-	-	7,063
- Valuation of warrants issued on New Zealand offering	-	(1,142)	-	1,142	-	-
- Stock option compensation expense	-	-	535	-	-	535
Loss for the period	-	-	-	-	(887)	(887)
Balance - Dec 31, 2006	**25,980,526**	**12,899**	**999**	**2,430**	**(2,837)**	**13,491**

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

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

	Common Shares Refer to note 5 re share consolidation	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders' equity
	#	$	$	$	$	$
-Issuance of shares on private placement, net of issuance costs of $24,000	4,428,000	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	**30,408,526**	**16,716**	**1,804**	**2,594**	**(5,523)**	**15,591**
-Issuance of shares on private placement,	572,000	572	-	-	-	572
- Valuation of warrants issued on private placement	-	(76)	-	76	-	-
- Stock option compensation expense	-	-	75	-	-	75
Expiration of warrants	-	-	2,007	(2,007)	-	-
Loss for the period	-	-	-	-	(1,333)	(1,333)
Balance – December 31, 2008	**30,980,526**	**17,212**	**3,886**	**663**	**(6,856)**	**14,905**
-Issuance of shares pursuant to Farm-In terms	220,000	55	-	-	-	55
-Issuance of shares on private placement, net of issuance costs of $6,400	340,000	79	-	-	-	79
- Valuation of warrants issued on private placement	-	(35)	-	35	-	-
Expiration of warrants	-	-	587	(587)	-	-
Loss for the period	-	-	-	-	(2,675)	(2,675)
Balance – December 31, 2009	**31,540,526**	**17,311**	**4,473**	**111**	**(9,531)**	**12,364**
-Issuance of shares on private placement, net of issuance costs of $12,000	1,144,000	274	-	-	-	274
- Valuation of warrants issued on private placement	-	(118)	-	118	-	-
Expiration of warrants	-	-	76	(76)	-	-
Loss for the period	-	-	-	-	(193)	(193)
Balance – March 31, 2010	**32,684,526**	**17,467**	**4,549**	**153**	**(9,724)**	**12,445**

(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)

	3 months ended March 31 2010 (Unaudited) $	3 months ended March 31 2009 (Unaudited) $
Revenue	**100**	-
Expenses		
Amortization	**12**	17
Cost of revenue	**94**	-
Consultancy fees	**19**	24
General and administration	**57**	54
Professional fees	**18**	5
Registry and filing	**21**	11
Salaries	**54**	42
Stock-based compensation (Note 5(c))	**-**	-
Travel and accommodation	**25**	13
	(300)	(166)
Loss for the period before the undernoted	**(200)**	(166)
Exchange translation gains	**7**	169
Interest Income	**-**	8
(Loss)/Profit before Income Taxes	**(193)**	11
Income tax recovery (Note 9)	**-**	-
Net (Loss)/Profit and Comprehensive (loss)/profit for the year	**(193)**	11
Deficit - beginning of year	**(9,531)**	(6,856)
Deficit - end of period	**(9,724)**	(6,845)
Loss per Share - Basic and Fully Diluted	**(0.01)**	(0.00)
Weighted average number of basic and fully diluted common shares outstanding during the year	**31,419,189**	30,980,526

(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)

	3 months ended March 31 2010 Unaudited $	3 months ended March 31 2009 Unaudited $
Cash Provided by (used in) :		
Operating Activities		
Net (loss)/profit for the period	**(193)**	11
Adjustments for non-cash items:		
Amortization	**12**	17
Exchange translation gains	**(7)**	-
Stock-based compensation (Note 5(c))	**-**	-
Changes in non-cash working capital items:		
Amounts receivable	**(6)**	57
Advances and prepaid expenses	**121**	-
Accounts payable	**36**	(40)
Accrued liabilities	**(31)**	(4)
Net cash used in Operating Activities	**(68)**	41
Financing Activities		
Issuance of common shares, for cash	**-**	-
Share issue costs	**-**	-
Net cash provided from Financing Activities	**-**	-
Investing Activities		
Expenditures on mineral properties	**(33)**	(181)
Acquisition of property and equipment	**-**	-
Net cash used in Investing Activities	**(33)**	(181)
Net (decrease)/increase in cash and equivalents	**(101)**	(140)
Cash and equivalents - beginning of year	**132**	1,571
Foreign exchange gains on translation of monetary item	**7**	-
Cash and equivalents - end of year	**38**	1,431
Cash and equivalents consist of:		
Cash	**38**	189
Short Term Investments	**-**	1,242
	38	1,431

Supplemental Cash Flow information

During the year no cash was paid for interest or income taxes.

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

1. Nature of Operations and Going Concern

Glass Earth Gold Limited, incorporated under the *Business Corporations Act* (British Columbia) (the "Company"), through its wholly owned legal subsidiary Glass Earth (New Zealand) 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 Directors have confidence in the operations and prospects of the Company and have prepared these financial statements on a Going Concern basis.

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 as a Going Concern 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 April 2010, the Company initiated a fundraising exercise with a view to raising $3m by private placement. On May 14, 2010 the Company announced the completion of the first tranche of $1.7million. The Directors have prepared a 12 month budget to April 30, 2011 that allows the Company to continue as a Going Concern based on the committed funding referred to above; the cash budgeted to be generated from mining activities and contributions from joint venture partners. The Directors are confident that additional subscriptions to the placement will be secured in the next few weeks which would allow for a higher level of funding for exploration expenditure.

The Company is planning to meet future expenditures and obligations beyond April 2011, by raising funds through public offerings, private placements or by farm-outs of mineral properties and by controlling expenditure. It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

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.

2. 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, HPD New Zealand Limited ("HPD") and Glass Earth Geothermal Limited. Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. 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 as intangible mineral properties 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.

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Each area of interest is limited to an individual geological area which is related to a known or probable mineral resource and is considered to constitute a favourable environment for the presence of mineral deposits.
Exploration and evaluation expenditure for each area of interest is carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration expenditure which no longer satisfies the above policy is written off. In addition, a provision is made against accumulated exploration expenditure where the directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The increase in the provision is charged against the results for the year.

Expenditure is not carried forward in respect of any area of interest unless the company's rights of tenure to that area of interest are current.

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

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation.

Subsequent Costs
The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation
Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property and equipment at the following rates:

Computer Equipment	3 years
Motor Vehicles	5 years
Office Furniture & Equipment	10 years

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 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 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 fair value of stock options granted to non-employees is re-measured each quarter until counterparty performance is complete and any change therein is recognised during the period.

The Company's stock-based compensation plan is described in Note 6(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.

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:

- the recoverability of exploration expenditures on mineral properties;
- the valuation of tax accounts; and
- going concern

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) Financial Instruments

The Company classified its cash and cash equivalents and short term investments as held-for-trading, which are measured at fair value. Amounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Transaction costs are expensed as incurred for all financial instruments.

m) Farm-In

Expenditures incurred on exploration “farm-in” projects are 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) Changes in Accounting Policies

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

3. Mineral Properties

		Three months March 31, 2010		Twelve months December 31, 2009
		$		$
Balance – beginning of period		**12,540**		13,440
Expenditure on Projects:				
Geological consulting, mapping and modeling	**11**		922	
License rental	**78**		260	
Resistivity surveys	**9**		195	
Drilling	**-**		87	
Total project expenditure for the period		**98**		1,464
Write down of Mineral Properties (**Note** * below)		**-**		(2,364)
Balance – end of period/year		**12,638**		12,540

The Company's cash balances are not sufficient to fund all of its multi-year work programmes in respect of its permits Please also refer to the comments under Note 1 - Going Concern. The Company intends to lodge applications with the New Zealand regulatory authorities to amend or defer certain work programmes and to also reduce areas covered by permits. This is a deliberate policy extension of the usual process of managing work programmes relative to available funding and prioritisation of targets. The Company's drilling obligations over the next twelve months consists of:-

- 2,000 meters of drilling across 3 permits that have accumulated exploration expenditures of $2.9 million.
- 7,500 meters of drilling across 8 permits that have accumulated exploration expenditures of $1.2 million.

There is no certainty of approval from the regulatory authorities. Should the Company not undertake some or all of these drilling commitments, tenure of the affected permits would be at risk and an impairment provision would be required. This would be a non cash impact on equity.

Note * : A review of exploration target rankings and relative tenure costs resulted in the relinquishment of ground and consequent write down of accumulated exploration costs associated with those targets.

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, 2010	Expenditure to March 31, 2010	**Closing Balance March 31, 2010**
	$	$	**$**
Otago Region	5,736	42	**5,778**
Hauraki Region	982	-	**982**
Waihi West Joint Venture	103	-	**103**
Mamaku - Muirs Region	1,861	42	**1,903**
Central Volcanic Region	3,858	14	**3,872**
	12,540	98	**12,638**

Project	Opening Balance January 1, 2009	Expenditure to December 31, 2009	Write downs to December 31, 2009	Closing Balance December 31,2009
	$	$	$	$
Otago Region	4,697	1,083	(44)	5,736
Hauraki Region	1,695	1	(714)	982
Waihi West Joint Venture	103	-	-	103
Mamaku - Muirs Region	1,579	282	-	1,861
Central Volcanic Region	5,366	98	(1,606)	3,858
	13,440	1,464	(2,364)	12,540

A summary of joint ventures is listed below (note: no joint venture accounting has taken place as at 31 March 2010 as the joint ventures or arrangements detailed below did not give rise to joint venture transactions that differed from those under 'farm-in' terms).

Otago Region

a) Glass Earth has a 90% interest in a joint venture with New Zealand Minerals Limited, over their combined Otago Region tenement portfolio.

b) Glass Earth has a 70% interest in a joint venture with Aurora Minerals Limited over the area covered by the former Prospecting Permit 39-267. (now subsumed into Prospecting Permit 39-322).

c) In August 2009, Glass Earth entered into a joint venture with Ophir Gold Limited to facilitate exploration and mining on their combined permits in an area of central Otago known as Ophir. Glass Earth may earn a 50% equity interest by sole funding an evaluation study and expending circa C$185,000 (NZ$250,000) on the joint venture area.

d) Glass Earth has a 70% interest in Australasia Gold Ltd's permit areas which are contiguous to Glass Earth's permit holdings in the Otago Region.

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 areas 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.

As at March 31, 2010:

a) Newmont had earned its initial 65% equity in the Northern Hauraki Venture Area and declined to elect to prepare a feasibility study.

b) Newmont had expended approximately 74% of the exploration funds to earn the initial 65% equity in the Central Venture Area.

c) On February 12, 2010, Newmont advised that it was withdrawing from earning into the Southern Venture 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;

Glass Earth has subsequently agreed to a two year extension to the expenditure period out to March 31, 2011. As at March 31, 2010, Newmont has expended approximately 71% of the exploration funds to earn the initial 60% equity.

4. Property and Equipment

	March 31, 2010			December 31,2009		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
	$	**$**	**$**	$	$	$
Computer Equipment	**218**	**180**	**38**	218	174	44
Motor Vehicles	**89**	**37**	**52**	174	81	93
Office furniture and equipment	**50**	**41**	**9**	50	37	13
Mining Equipment	**88**	**-**	**88**	88	-	88
	445	**258**	**187**	439	211	228

5. Shareholders' Equity

Share Consolidation

On March 18, 2010 the Company announced the completion of a consolidation of its share capital on a five (5) old for one (1) new share basis. The Company's share, warrant and stock options structure (including any warrant/option exercise prices) have been adjusted to reflect this consolidation.

a) Common Shares

Authorized:

Unlimited number of common shares with no par value.

Issued and Outstanding:

	Number of Common Shares	**Amount**
	#	**$**
Outstanding December 31, 2008	30,980,526	17,212
Issued pursuant to Farm-In Terms (i)	220,000	55
Issued pursuant to private placement (ii)	340,000	85
Share Purchase Warrant Valuation (Note 6(b))	-	(35)
Share issue costs	-	(6)
Outstanding December 31, 2009	31,540,526	17,311
Issued pursuant to private placement (iii)	1,144,000	286
Share Purchase Warrant Valuation (Note 6(b))	-	(118)
Share issue costs	-	(12)
Outstanding March 31, 2010	**32,684,526**	**17,467**

(i) On December 21, 2009, 220,000 common shares were issued for 25 cents per share, pursuant to Farm In terms.

(ii) On December 29, 2009, 340,000 common shares were issued for 25 cents per Unit, each Unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of 50 cents per share for a period of three years following the date of issue of the Units.

(iii) On January 8, 2010, 1,144,000 common shares were issued for 25 cents per Unit, each Unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of 50 cents per share for a period of three years following the date of issue of the Units.

(iv) As at the balance sheet date, no common shares remain subject to the provisions of any escrow provisions. (March 31, 2009: Nil).

b) Share Purchase Warrants

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

	Number of Warrants	**Weighted Average Exercise Price**	**Fair Value upon issue**	**Weighted Average Fair Value upon issue**
	#	**$ per share**	**$**	**$ per share**
Balance December 31, 2008	2,500,000	1.50	663	0.30
Granted – December 29, 2009	340,000	0.50	35	0.10
Exercised	-	-	-	-
Expired	(2,214,000)	-	(587)	-
Balance December 31, 2009	626,000	0.95	111	0.15
Granted – January 8, 2010	1,144,000	0.50	118	0.10
Exercised	-	-	-	-
Expired	(286,000)	-	(76)	-
Balance March 31, 2010	**1,484,000**	**0.50**	**153**	**0.10**

Summary of outstanding warrants at March 31, 2010:

Expiry Date	**Exercise Price $ per share**	**Warrants outstanding #**	**Fair value $**
December 29, 2012	0.50	340,000	35
January 8, 2013	0.50	1,144,000	118
		1,484,000	153

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:

	2010	**2009**
Risk-free interest rate	0.67%	0.67%
Expected life	2 years	2 years
Expected volatility	110%	110%
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.

The following stock options were outstanding at March 31, 2010:

	Number of Options Issued and Vested #	**Weighted Average Exercise Price $ per share**	**Weighted Average Fair Value $ per share**
Balance - December 31, 2008	3,069,000	0.8150	0.43
Granted	-	-	-
Exercised	-	-	-
Cancelled/Expired	(608,000)	-	-
Balance - December 31, 2009	2,461,000	0.8150	0.43
Granted	-	-	-
Exercised	-	-	-
Cancelled/Expired	(105,000)	-	-
Outstanding – March 31, 2010	**2,356,000**	**0.8065**	**0.4272**
Exercisable – March 31, 2010	2,356,000	0.8065	0.4272

The weighted average remaining contractual life of the options is one year and three months as of March 31, 2010.

d) Contributed Surplus

The following summarizes contributed surplus activity during the period:

	March 31, 2010	December 31, 2009
	$	$
Balance, beginning of period	**4,473**	3,886
Stock-based compensation in the period on		
- Stock options granted / vesting	**-**	-
Expiration of Share Purchase Warrants	**76**	587
Balance, end of period	**4,549**	4,473

6. 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) Simon Henderson (a director and former shareholder of GENZL) became an employee of GENZL on April 1, 2005. He received $35,832 for the three months ended March 31, 2010 (three months ended March 31, 2009: $36,417).

b) Peter Liddle (a director and former shareholder of GENZL) became an employee of GENZL on May 15, 2006. He received $28,429 for the three months ended March 31, 2010 (three months ended March 31, 2009: $29,796).

7. Financial Risk Factors

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

a) Market Risk

Interest rate risk – The Company had $38,000 in cash at December 31, 2009. The Company invests cash surplus to its operation in interest bearing accounts held in a major New Zealand chartered bank. The Company periodically assesses the quality of its investment with the bank and is satisfied with the credit rating of the bank.
Foreign currency risk – The Company's operational activities are all within New Zealand and 90% of all transactions are in New Zealand Dollars (NZD). As at March 31, 2010 the Company held 4% of its cash and equivalents in Canadian dollars (CAD) and 96% in NZD.

Price risk – The Company sells gold won on its placer projects on the spot market in New Zealand dollars (the currency of operations).

b) Credit Risk and Concentrations of Credit Risk

The Company is not exposed to major credit risks attributable to customers as it has none. The Company monitors the credit worthiness of its joint venture partners. The Company's cash is held in a major New Zealand chartered bank and the Company has no investments in non-bank asset-backed commercial paper.

c) Liquidity risk

Liquidity risk represents the company's ability to meet its contractual obligations. As a gold explorer with limited mining revenue the Company ensures that its expenditure rate is commensurate with its cash position (see comment in Going Concern - note 1).

<u>Sensitivity Analysis</u>

The Company has designated its cash as held–for-trading, which is measured at fair value. As at March 31, 2010, the carrying amount of the financial instrument equals the market value.

The carrying amounts related to Amounts Receivable and Accounts Payable and Accrued Liabilities approximate their fair value due to the relatively short periods to maturity of these financial instruments.

The Company's cash is held primarily in interest bearing accounts, the rates of which are not fixed. A 100 basis point change in the interest rate would affect the Company by an annualized amount of interest equal to approximately $380.

The Company's cash has been converted to the proportionate requirements of its anticipated expenditure in NZD and CAD as noted above. There is no intention to speculate in either currency as the risk has been mitigated by this action.

8. Segmented Information

Segment information is presented in respect of the group's geographical segment. There is one business segment which is exploring for and mining of minerals. The primary format, geographical segments, is based on the group's management and internal reporting structure.

	Three months ended March 31, 2010 (Unaudited) $	Three months ended March 31, 2009 (Unaudited) $
Operating (Loss) by segment:		
New Zealand	**(131)**	48
Canada	**(62)**	(37)
Consolidated Operating (Loss)/Profit	**(193)**	11

	March 31, 2010 (Unaudited)	December 31,2009 (Unaudited)
Assets by Segment:		
New Zealand	**12,960**	13,050
Canada	**2**	58
Consolidated Total Assets	**12,962**	13,108
Total Liabilities by Segment:		
New Zealand	**372**	441
Canada	**145**	303
Consolidated Total Liabilities	**517**	744

9. Income Taxes

Capitalised exploration expenditures - Future tax liability:

	March 31, 2010	December 31, 2009
Future tax liability on capitalized exploration expenditure	**3,791**	3,660
Tax effect of exploration expenditure losses carried forward - GENZL	**(3,694)**	(3,563)
Valuation allowance	**-**	-
Net future tax liability	**97**	97

The future tax liability of $3,791,000 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 $97,000 which is recognised in the consolidated balance sheet.

10. Management of Capital

The Company defines the capital that it manages as its shareholder equity. The Company's objectives with respect to managing capital are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits for other stakeholders. As at March 31, 2010 total managed capital was $12,445,000 (December 31, 2009: $12,364,000).

The Company's capital structure reflects a company focused on mineral exploration and financing both internal and external growth opportunities. The exploration for and development of mineral deposits involves significant risk which even a combination of careful evaluation, experience and knowledge may not adequately mitigate.

In order to maintain or adjust its capital structure, the Company may issue new shares or sell assets to fund ongoing operations.

The Company manages its capital structure by performing the following:

- Preparing budgets and cash-flow forecasts which are reviewed and approved by the Board of Directors;
- Regular internal reporting and Board of Directors meetings to review actual versus budgeted spending and cash-flows; and
- Detailed project analysis to assess and determine new funding requirements.

There were no changes in the Company's approach to capital management during the period ended March 31, 2010. The Company is not subject to externally imposed capital requirements.

11. Commitments and Contingencies

a) At March 31, 2010 the Company had capital commitments of $145,000 (March 31, 2009: $273,000), payable as follows:

	$
2010	145
	145

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:

	$
2010	4
	4

d) The Company has future work program obligations in order to maintain tenure of its mineral permits. These obligations include: - permit rentals, mapping, sampling, data compilation and modeling, geophysics and geochemical programs.
In addition there are requirements to drill an aggregate 9,500 meters of drilling across 11 permits in 2010. If all drilling requirements were met, and none were deferred, the cost would be between $364,000 and $1,829,000 depending on the chosen style of drilling.

12. Subsequent Events

Fundraising
On April 29, 2010 the Company announced it was seeking to raise $3 million through non-brokered private placements of Units ("The Units") of C$0.20 per Unit. Each unit consists of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of $0.35 per share for a period of two years following the date of issue of the Units.

On May 14, 2010 the Company announced the completion of the first tranche of $1.7million. The Directors have prepared a rolling 12 month budget that allows the Company to continue as a Going Concern based on the funding referred to above; the cash budgeted to be generated from mining activities and contributions from joint venture partners. The Directors are confident that additional subscriptions to the placement will be secured in the next few weeks which would allow for a higher level of funding for exploration expenditure.