

GLASS EARTH LIMITED
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**SIX MONTH PERIOD ENDED
JUNE 30, 2007**

(Stated in Canadian Dollars)

CONTENTS

Responsibility for Consolidated Interim Financial Statements	2
Consolidated Balance Sheets	3
Consolidated Statement of Shareholders' Equity	4 - 5
Consolidated Statements of Operations and Deficit	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 22

GLASS EARTH LIMITED
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED JUNE 30, 2007

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 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, 2006 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 LIMITED
(A Development Stage Company)
Consolidated Interim Balance Sheets
(in thousands of Canadian Dollars)

As at	June 30 2007 (Unaudited) \$	December 31 2006 (Audited) \$
ASSETS		
Current Assets		
Cash and equivalents	3,903	7,316
Amounts Receivable	218	157
Advances and prepaid expenses	23	54
	<u>4,144</u>	<u>7,527</u>
Mineral Properties (Note 4)	9,357	6,317
Property and Equipment (Note 5)	272	262
	<u>9,629</u>	<u>6,579</u>
	<u>13,773</u>	<u>14,106</u>
LIABILITIES		
Current Liabilities		
Accounts payable	661	577
Accrued liabilities	48	38
	<u>709</u>	<u>615</u>
SHAREHOLDERS EQUITY		
Common Shares (Note 6(a))	12,899	12,899
Share Purchase Warrants (Note 6(b))	2,007	2,430
Contributed Surplus (Note 6(d))	1,580	999
Deficit Accumulated through Development Stage	(3,422)	(2,837)
	<u>13,064</u>	<u>13,491</u>
Going concern (Note 2)		
	<u>13,773</u>	<u>14,106</u>

APPROVED ON BEHALF OF THE BOARD

“signed” Glenn Laing
Glenn Laing, Director

“signed” Peter Liddle
Peter Liddle, Director

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

GLASS EARTH LIMITED
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity
(in thousands of Canadian Dollars)

(Unaudited)	Common Shares	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders' equity
	#	\$	\$	\$	\$	\$
Balance - May 31, 2004	7,149,914	1,337	-	-	(591)	746
- Issuance of shares on private placement, net of issuance costs of \$64,000	14,087,000	2,754	-	-	-	2,754
- Valuation of warrants issued on private placement	-	(423)	-	423	-	-
- Issuance of shares pursuant to acquisition of GENZL in RTO	36,000,720	737	-	-	-	737
- Adjustment pursuant to RTO	-	(1,401)	-	-	-	(1,401)
Loss for the period	-	-	-	-	(52)	(52)
Balance - May 31, 2005	57,237,634	3,004	-	423	(643)	2,784
- Issuance of shares on private placement, net of issuance costs of \$21,000	3,333,333	479	-	-	-	479
- Valuation of warrants issued on private placement	-	(83)	-	83	-	-
- Issuance of shares on private placement, net of issuance costs of \$500	3,333,333	500	-	-	-	500
- Valuation of warrants issued on private placement	-	(83)	-	83	-	-
- Issuance of shares on private placement, net of issuance costs of \$500	3,333,333	499	-	-	-	499
- Valuation of warrants issued on private placement	-	(83)	-	83	-	-
- Funds received for private placement, shares issued on June 6, 2006	-	1,000	-	-	-	1,000
- Valuation of warrants issued on private placement	-	(167)	-	167	-	-
- 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

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

GLASS EARTH LIMITED
(A Development Stage Company)
Consolidated Statement of Shareholders' Equity
(in thousands of Canadian Dollars)

(Unaudited)	Common Shares	Common Shares	Contributed Surplus	Share Purchase Warrants	Deficit accumulated during the development stage	Shareholders' equity
	#	\$	\$	\$	\$	\$
- Valuation of warrants issued on acquisition of HPD	-	(317)	-	317	-	-
- Stock option compensation expense	-	-	464	-	-	464
Loss for the period	-	-	-	-	(1,307)	(1,307)
Balance - May 31, 2006	79,902,633	6,618	464	1,156	(1,950)	6,288
- Issuance of shares on private placement, for which funds were received in May 2006	6,666,667	-	-	-	-	-
- Issuance of shares on private placement, net of issuance costs of \$8,000	3,333,333	492	-	-	-	492
- Valuation of warrants issued on private placement	-	(132)	-	132	-	-
- Issuance of shares on New Zealand offering, net of issuance costs of \$435,000	40,000,000	7,063	-	-	-	7,063
- Valuation of warrants issued on New Zealand offering	-	(1,142)	-	1,142	-	-
- Stock option compensation expense	-	-	535	-	-	535
Loss for the period	-	-	-	-	(887)	(887)
Balance - December 31, 2006	129,902,633	12,899	999	2,430	(2,837)	13,491
- Stock option compensation expense	-	-	158	-	-	158
Expiration of warrants	-	-	423	(423)	-	-
Loss for the period	-	-	-	-	(585)	(585)
Balance - June 30, 2007	129,902,633	12,899	1,580	2,007	(3,422)	13,064

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

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

Consolidated Interim Statements of Operations and Deficit

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

	Three months ended 30 June 2007	Three months ended 31 May 2006	Six months ended 30 June 2007	Six months ended 31 May 2006
Revenue	-	-	-	-
Expenses				
Amortization	14	4	28	5
Consultancy fees	8	17	24	25
Exchange translation losses/ (gains)	(13)	-	(8)	-
Financing fees	-	-	-	44
General and Administration	112	234	197	296
Professional Fees	39	100	68	126
Registry and Filing	11	3	29	18
Salaries	89	8	152	42
Stock-based compensation (Note 6(c))	-	-	158	464
Travel and accommodation	26	39	59	58
	<u>286</u>	<u>405</u>	<u>707</u>	<u>1,078</u>
Loss for the period before the undernoted	(286)	(405)	(707)	(1,078)
Interest Income	45	3	122	3
Loss before Income Taxes	<u>(241)</u>	<u>(402)</u>	<u>(585)</u>	<u>(1,075)</u>
Provision for income taxes	-	-	-	-
Net Loss for the period	<u>(241)</u>	<u>(402)</u>	<u>(585)</u>	<u>(1,075)</u>
Deficit - beginning of period	(3,181)	(1,551)	(2,837)	(878)
Deficit - end of period	<u>(3,422)</u>	<u>(1,953)</u>	<u>(3,422)</u>	<u>(1,953)</u>
Loss per Share - Basic and Fully Diluted	0.00	0.01	0.00	0.02
Weighted average number of basic and fully diluted common shares outstanding during the period	129,902,632	61,655,620	129,902,632	61,655,620

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

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

	Three months ended 30 June 2007	Three months ended 31 May 2006	Six months ended 30 June 2007	Six months ended 31 May 2006
Cash Provided by (used in) :				
Operating Activities				
Net loss for the period	(241)	(503)	(585)	(1,072)
Adjustment for non-cash items:				
Amortization	14	4	28	5
Exchange translation (gains) / losses	(13)	-	(8)	-
Stock-based compensation (Note 6(c))	-	-	158	464
Changes in non-cash working capital items:				
Amounts receivables	15	17	(61)	(51)
Advances and prepaid expenses	74	3	31	26
Accounts payables	24	374	84	457
Accrued liabilities	38	(293)	10	(263)
Net Cash used in Operating Activities	(89)	(398)	(343)	(434)
Financing Activities				
Issuance of common shares, for cash	-	2,000	-	2,500
Share issue costs	-	(53)	-	(53)
Net Cash provided from Financing Activities	-	1,947	-	2,447
Cash flows from Investing Activities				
Expenditures on mineral properties	(1,389)	(498)	(3,040)	(660)
Acquisition of property and equipment	(18)	(108)	(38)	(108)
Investments	-	49	-	-
Net Cash used in Investing Activities	(1,407)	(557)	(3,078)	(768)
Net Increase in cash and equivalents	(1,496)	992	(3,421)	1,245
Cash and equivalents - beginning of period	5,386	411	7,316	158
Foreign exchange losses on translation	13	-	8	-
Cash and equivalents - end of period	3,903	1,403	3,903	1,403
Cash and equivalents consist of:				
Cash	474	400	474	400
Short Term Investments	3,429	1,003	3,429	1,003
	3,903	1,403	3,903	1,403

Supplemental information

During the year the Company had no cash flows arising from interest or income taxes paid.

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

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

1. Nature of Operations and Basis of Presentation

Glass Earth Limited (formerly known as BC Report Magazine Ltd.) (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 revenues and is considered to be in the development stage.

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

In 2006 the Company changed its financial year end from May 31 to December 31. During 2006 Glass Earth Limited became a subsidiary of St Andrew Goldfields Limited. As St Andrew Goldfields Limited has a financial year end of December 31, the Company believes that it would be more cost efficient and in the best interest of shareholders for both companies to have the same financial year end. The Company implemented this change by having a transition period of 7 months, with the last day of the transition period being December 31, 2006.

The periods, including the comparative reporting periods, to be covered in the interim financial statements to be filed for this financial year are set out below:

- Unaudited interim financial statements for the first quarter ending March 31, 2007 (with comparative figures for the period ending February 28, 2006);
- Unaudited interim financial statements for the second quarter ending June 30, 2007 (with comparative figures for the period ending May 31, 2006);
- Unaudited interim financial statements for the third quarter ending September 30, 2007 (with comparative figures for the period ending August 31, 2006).

2. Going Concern

These consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern, 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

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

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 June 30, 2007, the Company had a net loss of \$585,000 and accumulated deficit of \$3,422,000. The Company's ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, the discovery, development or sale of mining reserves and achievement of profitable operations. The Company is planning to meet its future expenditures and obligations by raising funds through public offerings, private placements or by farm-outs of mineral properties. It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

3. Significant Accounting Policies

The significant accounting policies reflected in these interim financial statements have been outlined below and are set out in more detail in the audited financial statements for the year ended December 31, 2006.

a) Basis of Consolidation

These consolidated interim financial statements include the accounts of the Company and its wholly owned subsidiaries GENZL and HPD. 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 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

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

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

c) Cash and Equivalents

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

d) Property and Equipment

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

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

e) Foreign Currency Translation

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

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

f) Use of Estimates

The preparation of consolidated interim 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 interim 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, 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 interim financial statements.

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

4. Mineral Properties

	June 30, 2007	December 31, 2006
	\$	\$
Balance - beginning of period	6,317	5,048
Expenditure on Projects:		
Airborne survey	1,665	297
Geological consulting, mapping and modeling	612	448
License rental	208	92
Resistivity surveys	178	222
Drilling	377	210
Total project expenditure for the period	<u>3,040</u>	<u>1,269</u>
Balance - end of period	<u><u>9,357</u></u>	<u><u>6,317</u></u>

- a) The Company has carried out prospecting and exploration for gold and silver in the Coromandel/Central Volcanic Region ("CCVR") of the North Island of New Zealand since September 2002.

In December 2005, the Company was granted six Exploration Permits ("EP") excised from Prospecting Permit 39-241. Accumulated exploration expenditures to that date have been reallocated to the individual EPs on the basis of the number of anomalous targets in each EP. A portion of accumulated exploration costs remain in Prospecting Permit 39-241 representing the less advanced anomalous targets contained therein.

- b) On March 31, 2006 the Company acquired HPD New Zealand Limited. HPD had a total of 22 Exploration and Prospecting Permits covering over 4,724 square kilometers over both the North and South Islands of New Zealand (being epithermal and mesothermal gold targets in each respective island).

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

- c) The Company's exploration activities are carried out solely in New Zealand and have been divided into five project areas. Expenditure made on account of mineral properties by the Company was as follows:-

Project	Opening Balance January 1, 2007 \$	Expenditure to June 30, 2007 \$	Closing Balance June 30, 2007 \$
Central Volcanic Region	3,533	1,046	4,579
Mamaku - Muirs Region	405	41	446
Hauraki Region	1,648	42	1,690
Otago Region	628	1,911	2,539
Waihi West Joint Venture	103	-	103
	<u>6,317</u>	<u>3,040</u>	<u>9,357</u>

Project	Opening Balance June 1, 2005 \$	Re-allocation as at December 31, 2005 \$	Expenditures to December 31, 2006 \$	Acquisition of HPD \$	Closing Balance December 31, 2006 \$
Central Volcanic Region	1,743	486	1,304	-	3,533
Mamaku-Muirs Region	-	184	17	204	405
Hauraki Region	-	-	17	1,631	1,648
Otago Region	-	-	424	204	628
Waihi West Joint Venture	-	93	10	-	103
	<u>1,743</u>	<u>763</u>	<u>1,772</u>	<u>2,039</u>	<u>6,317</u>

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

The New Zealand Crown Minerals Act 1991 provides for three types of permit: prospecting, exploration and mining.

PP's allow for less intensive work programmes and are granted for a period of up to two years with a right of renewal for up to an additional two years. The holder of a PP may apply for an EP, which allows for higher impact work programmes. EPs are granted for a duration of five years with a right of renewal for another five years, for up to one half of the area covered by the original EP. The holder of an EP may apply for a mining permit ("MP"), which allows for mineral extraction. The duration of a MP may be as long as 40 years, but is typically less than 20 years.

Glass Earth currently holds 100% of each of its permits, which provide for exclusive rights to explore for gold and silver except for:-

- From March 31, 2006, the Waihi West project (EP 40 767) is subject to a farm-in, whereby up to 80% may be earned by the incoming party upon expending NZ\$1.5 million (approximately \$1.1 million), preparation of a feasibility study and arranging of development finance.
- From February 26, 2007, the Hauraki Region project is subject to a farm-in, whereby up to 80% may be earned by the incoming party upon expending NZ\$6.2 million (approximately \$5.1 million), preparation of a feasibility study and arranging of development finance.

5. Property and Equipment

	June 30, 2007			December 31, 2006		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$	\$	\$	\$
Computer Equipment	140	50	90	122	28	94
Motor Vehicles	145	23	122	126	8	118
Leasehold Improvements	56	7	49	40	1	39
Office furniture and equipment	12	1	11	12	1	11
	<u>353</u>	<u>81</u>	<u>272</u>	<u>300</u>	<u>38</u>	<u>262</u>

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

6. Shareholders' Equity

a) Common Shares

Authorized:

Unlimited number of common shares with no par value.

Issued and Outstanding:

	Number of Common Shares	Amount
	#	\$
Outstanding May 31, 2005	57,237,634	3,004
Issued pursuant to private placement (i)	3,333,333	500
Issued pursuant to private placement (ii)	3,333,333	500
Issued pursuant to acquisition of HPD (iii)	12,665,000	1,900
Issued pursuant to private placement (iv)	3,333,333	500
Issued pursuant to private placement (v)	-	1,000
Share Purchase Warrant Valuations (Note 7(b))	-	(733)
Share issue costs	-	(53)
Outstanding May 31, 2006	79,902,633	6,618
Issued pursuant to private placement (v)	6,666,667	-
Issued pursuant to private placement (vi)	3,333,333	500
Issued pursuant to New Zealand offering (vii)	40,000,000	7,498
Share Purchase Warrant Valuations (Note 7(b))	-	(1,274)
Share issue costs	-	(443)
Outstanding December 31, 2006 and June 30, 2007	129,902,633	12,899

GLASS EARTH LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Tabular amounts in thousands of Canadian dollars)

June 30, 2007

- (i) On January 13, 2006, 3,333,333 common shares were issued for 15 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (ii) On March 30, 2006, 3,333,333 common shares were issued for 15 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (iii) On March 31, 2006, the Company issued 12,665,000 common shares and 6,332,500 share purchase warrants in consideration for the acquisition of all the issued and outstanding shares in HPD (Note 3). Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (iv) On April 19, 2006, 3,333,333 common shares were issued for 15 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (v) On May 26, 2006, funds were received for 6,666,667 Units to be issued at 15 cents per Unit, each Unit to consist of one common share and one half of one share purchase warrant. Each whole warrant to entitle the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units. The common shares were issued on June 6, 2006.
- (vi) On June 6, 2006, 3,333,333 common shares were issued for 15 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.
- (vii) On October 13, 2006, 40,000,000 common shares were issued for NZ 25 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of NZ 35 cents per share for a period of two years following the date of issue of the Units.

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

(viii) 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.

b) Share Purchase Warrants

Summary of outstanding warrants at June 30, 2007:

Expiry Date	Exercise Price \$ per share	Warrants outstanding #	Fair value \$
January 13, 2008	0.25	1,666,666	83
March 30, 2008	0.25	1,666,667	83
March 31, 2008	0.25	6,332,500	317
April 19, 2008	0.25	1,666,666	83
June 6, 2008	0.25	3,333,333	167
June 6, 2008	0.25	1,666,666	132
October 13, 2008	0.26	20,000,000	1,142
		36,332,498	2,007

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:

	October 2006	June 2006	All fiscal 2006 grants
Risk-free interest rate	4.00%	4.00%	4.00%
Expected life	2 years	2 years	2 years
Expected volatility	89%	89%	89%
Expected dividends	-	-	-

GLASS EARTH LIMITED

(A Development Stage Company)

Notes to Consolidated Financial Statements

(Tabular amounts in thousands of Canadian dollars)

June 30, 2007

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

c) Stock-Based Compensation

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

For the six months ended June 30, 2007, \$158,000 was recorded as compensation expense and added to Contributed Surplus in the Shareholders' Equity on the Balance Sheet for stock options granted during the period. The fair value of options was estimated using the Black-Scholes option pricing model assuming a risk-free interest rate of 4.03% per annum, expected volatility of 89%, expected dividend rate of nil and an expected life of 2.5 years. The exercise price of all share purchase options granted was equal to or greater than the market price at the grant date.

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

The following stock options were outstanding at June 30, 2007:

	Number of Stock Options #	Weighted Average Exercise Price \$ per share
Balance - December 31, 2006	11,140,000	0.1603
Granted	1,500,000	0.1800
Exercised	-	-
Cancelled/Expired	(600,000)	-
Outstanding - June 30, 2007	<u>12,040,000</u>	<u>0.1627</u>
Exercisable - June 30, 2007	<u>12,040,000</u>	<u>0.1627</u>

The weighted average remaining contractual life of the options is four years as of June 30, 2007.

d) Contributed Surplus

The following summarizes contributed surplus activity during the period:

	June 30, 2007	December 31, 2006
	\$	\$
Balance, beginning of period	999	464
Stock-based compensation in the period on		
- Stock options granted / vesting	158	535
Expiration of Share Purchase Warrants	423	-
Balance, end of period	1,580	999

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

Included in contributed surplus are the following stock options at valuations determined using the Black-Scholes option pricing model:

Expiry Date	Number of Units	Exercise Price \$ per share	Amount (*) \$
February 22, 2011	6,000,000	0.150	445
June 8, 2011	3,240,000	0.155	363
December 1, 2011	2,150,000	0.150	172
March 27, 2012	1,500,000	0.180	158
Cancelled options	(250,000)		19
	12,640,000		1,157

(*) Black-Scholes valuation

7. 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) On May 15 2006, Mr. P. Liddle (a director and former shareholder of GENZL) became an employee of GENZL and has received \$67,803 for the current period (six months ended May 31, 2006: \$5,050).
- b) On April 1, 2005, Mr. Henderson (a director and former shareholder of GENZL) became an employee of GENZL, and has received \$84,662 for the current period (six months ended May 31, 2006: \$62,210).
- c) During the current period management fees of \$30,000 (six months ended May 31, 2006: \$16,500) were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of Mr. G Laing.
- d) During the current period, \$30,069 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 (six months ended May 31, 2006: \$41,750). For the year ended May 31 2006, \$9,000 was advanced to St George Minerals Ltd, and remains outstanding at the period end.
- e) During the current period, \$6,000 was paid to non-executive director Mr. R Billingsley for additional duties of a technical nature (six months ended May 31, 2006: \$5,604).

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

- f) At June 30 2007, a net balance of \$1,992 was outstanding to the Company's parent company, St Andrew Goldfields Limited, for travel expenses incurred on the Company's behalf (six months ended May 31, 2006: Nil).

All outstanding amounts are expected to be repaid within the next year and have been classified as current liabilities in these financial statements.

8. Segmented Information

	Six months ended June 30, 2007 (Unaudited) \$	Six months ended May 31, 2006 (Unaudited) \$
Operating (Loss) by segment:		
New Zealand	(356)	(331)
Canada	(229)	(747)
Consolidated Operating Loss	<u>(585)</u>	<u>(1,078)</u>
	June 30, 2007 (Unaudited) \$	May 31, 2006 (Unaudited) \$
Assets by Segment:		
New Zealand	11,231	5,543
Canada	2,542	1,113
Consolidated Gross Assets	<u>13,773</u>	<u>6,656</u>
Total Liabilities by Segment:		
New Zealand	682	222
Canada	27	146
Consolidated Total Liabilities	<u>709</u>	<u>368</u>

GLASS EARTH LIMITED
(A Development Stage Company)
Notes to Consolidated Financial Statements
(Tabular amounts in thousands of Canadian dollars)
June 30, 2007

9. Commitments and Contingencies

- a) The Company had expenditure commitments as at June 30, 2007 of \$890,000 (May 31, 2006: Nil) representing the balance of work to be undertaken in relation to the airborne geophysics campaign in the Otago region over a four month period. At June 30, 2007, \$287,000 of this commitment has been included in accounts payable.
- b) GENZL has granted a 2% production royalty to Geoinformatics Exploration Ireland Ltd in respect of any production achieved from the Company's interests on targets identified and placed in the Target Bank, as a result of the Intervention Project over the CCVR.
- c) Under the terms of non-cancelable operating leases, the Company is committed to rental payments as follows:

2007	\$30,304
2008	\$52,499
2009	<u>\$ 5,463</u>
	<u>\$88,266</u>

10. Comparative Figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.