

GLASS EARTH LIMITED

For the seven months ended December 31, 2006

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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INTRODUCTION

This discussion and analysis of the operating results and financial condition of Glass Earth Limited (“**Glass Earth**”, or the “**Company**”) for the seven months ended December 31, 2006 should be read in conjunction with the audited consolidated financial statements and related notes for the same period, and is intended to provide the reader with a review of the factors that affected the Company’s performance during the seven months ended December 31, 2006 and the factors reasonably expected to impact future operations and results.

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

Change in the ending date of Financial Year

Glass Earth has changed its financial year end from May 31 to December 31.

On July 31, 2006, St Andrew Goldfields Limited (“St Andrew”) announced that it had increased its interest in the Company to 48.3%. In October 2006, St Andrew subscribed for 48.3% of the NZ\$ 10 million (approximately \$7.5 million) financing of Glass Earth, in order to maintain its equity interest in the Company. At the Annual Meeting of shareholders held on November 29, 2006, shareholders approved an increased slate of directors for the Company that included two individuals nominated by St Andrew. In December 2006, St Andrews increased its interest in the Company further, to 50.2%. With the emergence of this controlling shareholder, and the accounting requirement for St Andrew to include the consolidated financial results of Glass Earth within those of its own company, Glass Earth 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 has implemented this change by having a transition year of 7-months, with the last day of the transition year being December 31, 2006 (with comparative figures for the year ended May 31, 2006).

Qualified Person

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

CORPORATE HISTORY AND NATURE OF THE BUSINESS

Glass Earth was incorporated under the *Business Corporations Act* (British Columbia) on March 23, 1989, under the name “362293 B.C. Ltd.”. On August 30, 1989, the Company changed its name to BC Report Magazine Ltd., and on March 30, 2005 to Glass Earth Limited concurrently with the completion of a Reverse Takeover (“**RTO**”) of the Company by Glass Earth (New Zealand) Limited (“**GENZL**”).

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 purchase 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 had a total of 22 Exploration and Prospecting Permits covering over 4,724 square kilometres over both the North and South Islands of New Zealand (being epithermal and mesothermal gold targets in each respective island).

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

The principal activity of Glass Earth is exploration for gold and silver in New Zealand. As at December 31, 2006, Glass Earth held the largest portfolio of gold and silver focused prospecting and exploration permits in New Zealand (over 31,000 square kilometres), including the following key territorial assets:

Hauraki Region

Fifteen (15) advanced gold prospects, in a region that hosts the world class epithermal gold deposit at the Martha gold mine (owned by Newmont Waihi Gold Limited).

Mamaku-Muir's Region

Seventeen (17) recently-defined gold targets, including the Muir's-Reef prospect that has historically produced 43,000 oz of gold.

Central Volcanic Region

Seventy-four (74) epithermal gold targets identified, including 6 advanced drill-ready prospects.

Otago Region

Glass Earth's main gold region on New Zealand's South Island, host to the 7 million ounce Macraes Mine (Oceana Gold). A data collection / geophysical intervention program covering an area of over 22,000 square kilometres commenced in 2007. Three (3) near drill-ready mesothermal gold prospects are included within this area.

BOARD OF DIRECTORS AND MANAGEMENT

On December 27, 2006, St Andrew Goldfields Limited announced that it had increased its interest from 48.3% to 50.2% of the common shares of the Company. At the Annual Meeting of shareholders of the Company held on November 29, 2006, shareholders approved the appointment of the following two individuals, nominated by St Andrew Goldfields Limited, as non-executive directors of Glass Earth:

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

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

Paul C. Jones

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

CAPITAL TRANSACTIONS AND SIGNIFICANT EVENTS

Capital Transactions

On June 6, 2006, the Company issued 3,333,333 units at 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.

On October 13, 2006, the Company raised gross proceeds of NZ\$10 million (approximately \$7.5 million) pursuant to the issue of a New Zealand compliant prospectus. The financing consisted of 40 million units at NZ\$0.25 per unit (approximately \$0.1875), with each unit comprising one common share and one half of a purchase warrant (called “options” in New Zealand), each whole purchase warrant entitling the holder to subscribe for one common share at NZ\$0.35 (approximately \$0.2625) per share for up to 2 years.

Aurora Minerals South Island Joint Venture

In December 2006, Glass Earth entered into a Letter of Intent with Aurora Minerals Limited to carry out a joint venture on Aurora Mineral’s 100% owned Macraes West Project (1,173 square kilometres), which is just west of the 2 million ounce Macraes Gold Mine in the Otago District of the South Island, New Zealand. The Aurora Mineral’s license area covers the possible westward extension of the Hyde – Macraes shear that hosts the Macraes mine mineralization. Glass Earth has significant permit holdings in the Otago Region contiguous to Macraes West and the Aurora Minerals permit will extend the area covered by the Glass Earth Permits.

In terms of the joint venture, Glass Earth will be required to:

- Fund an airborne geophysical survey over Macraes West;
- Process the raw data;
- Interpret the data and identify targets; and
- Plan and recommend a follow-up exploration campaign.

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

Subsequent expenditures would be shared in accordance with the parties’ respective percentage interests in the joint venture, unless either party wished to not incur additional costs, in which case dilution of their existing equity would take place under an agreed formula.

The detailed joint venture agreement will be conditional on the consent of the Minister, pursuant to section 41 of the (New Zealand) Crown Minerals Act, Crown Minerals work program approvals and negotiation of final terms.

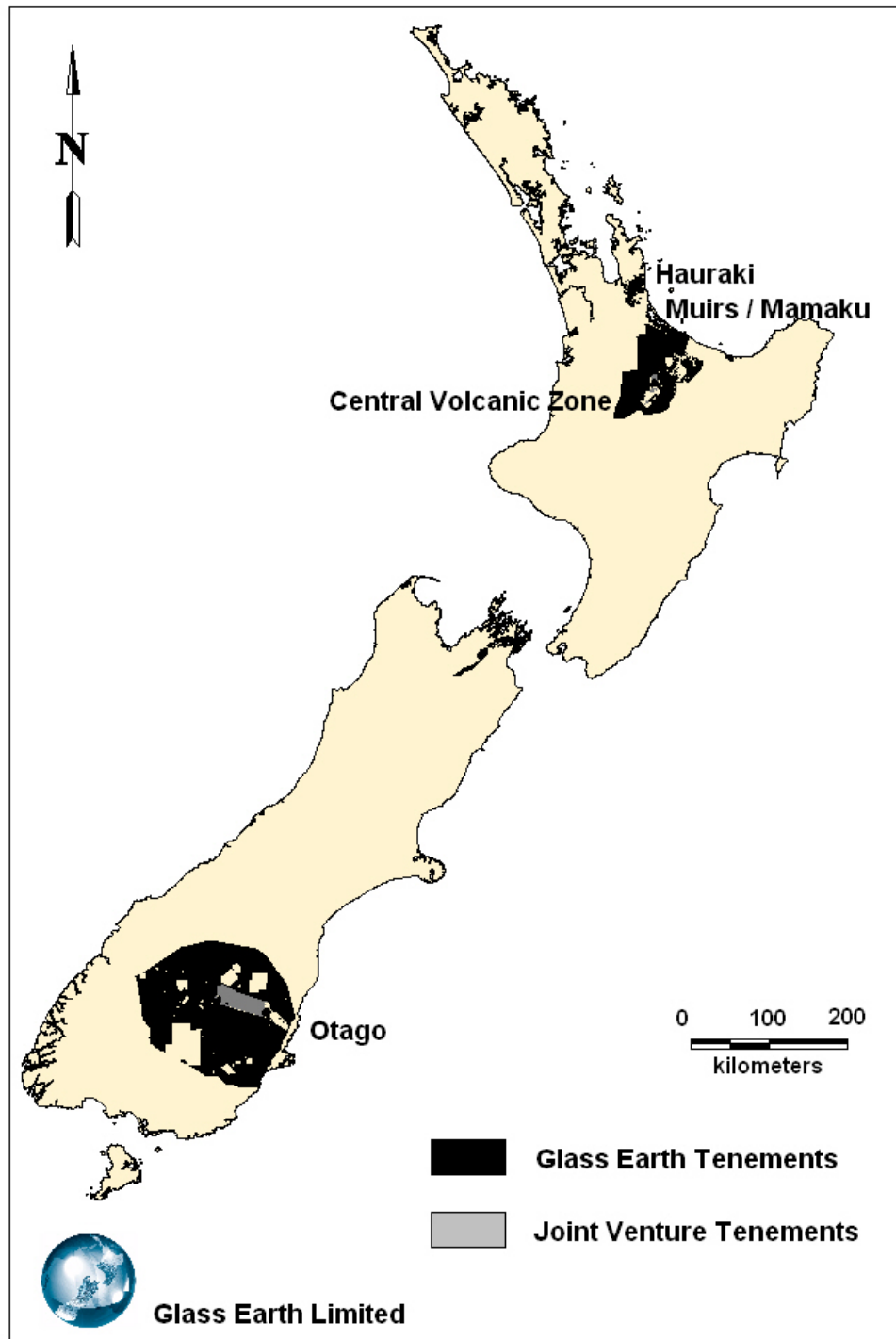
Otago Prospecting Permit

On December 19, 2006, Glass Earth confirmed that it had been granted, by Crown Minerals New Zealand, the largest ever Prospecting Permit (PP 39 322) over 17,980 square kilometres in the Otago Region in the South Island of New Zealand.

Otago Airborne Geophysical Survey

On January 19, 2007, the Company announced that it had commenced a major airborne geophysical campaign in the Otago mesothermal gold region, South Island, New Zealand. The airborne geophysical survey will cover an area of over 16,000 square kilometres and is the largest airborne survey of this nature ever flown in New Zealand (see Exploration Update for further information).

EXPLORATION UPDATE



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

- Advanced gold prospects in the **Hauraki-Waihi** area;
- Advanced and greenfields gold prospects at the **Mamaku-Muirs** Reef area, between Rotorua and Tauranga;
- Greenfield gold prospects in the **Central Volcanic** Region, between Rotorua and Taupo; and
- Advanced and greenfields gold prospects in the **Otago** mesothermal gold fields, including a 17,980 square kilometer prospecting permit area which it believes is prospective for Macraes style gold mineralization.

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

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

As a follow-up to this analysis, 44,000 line kilometers of airborne (magnetic and gravity) geophysical surveys were carried out from March to July 2005, better defining existing targets and identifying additional targets. In December 2005, GENZL was granted six Exploration Permits over 21 of the more advanced targets identified. Exploration Permits allow for higher impact work programs and are granted for a duration of five years, with a right of renewal of a further five years for up to one half of the area covered by the original Exploration Permit. The Exploration Permits granted contain certain work obligations in relation to each of the individual areas covered by the permits. The work programs are minimum obligations in order to retain individual permits in good standing. The Company expects to progress exploration activities more rapidly depending on available financing. The term of the main Prospecting Permit 39-241 was extended to 21 October 2007 in order to protect the other 85 less advanced targets.

Recent highlights

- Drilling recommenced at Tahunaatara mid January 2007
- CSAMT resistivity provides encouragement at Humphrey's and Akatarewa
- Airborne geophysical survey commences in Otago

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

Hauraki Region

Following the successful compilation of legacy data and the airborne survey campaigns, numerous targets were identified and prioritized for more in-depth exploration, some of which were not included in Glass Earth's permit holdings at the time. Glass Earth moved strategically to acquire these target areas. The acquisition of HPD added 15 of these targets to Glass Earth's permit holdings, including several advanced epithermal gold targets in the Hauraki region. A Joint Venture has been concluded in February 2007 with Newmont Mining Corporation over this entire permit area. Please refer for further details in Subsequent Events at page 19.

Newmont have already done significant work and incurred expenditure in the particular areas, in particular they have flown additional airborne magnetics in specific regions over GENZL/HPD permits, with the Company's consent.

Mamaku – Muirs Region

Glass Earth considers that it has identified, through its geophysical surveys, the extension of the Coromandel Volcanic Arc deep into the Mamaku-Muirs Region. The Coromandel Volcanic Arc hosts the currently producing Martha gold mine and the Hauraki Goldfield. This newly-identified extension is on 100% Glass Earth owned permits. Within the Mamaku-Muirs Region, Glass Earth has identified 17 new geophysical targets and has acquired the Muirs Reef prospect area via the HPD acquisition. The 17 potential gold targets are to be followed up with reconnaissance mapping, geochemical sampling and on-ground geophysical prospecting. This will complement intensive exploration activities on the Muirs Reef project timed to commence when access agreements are finalized. This known epithermal system is covered with up to 150 metres of volcanic ash.

Central Volcanic Region

Ground-based exploration activities, including resistivity surveys, have been carried out in the Central Volcanic Region to better define drill targets. This led to the drilling of the first target in May 2006. This exploration phase requires reaching agreement with land owners and occupiers as to land access arrangements. This process is well underway and will be a continuing activity given the number of targets. Field reconnaissance mapping has commenced to further examine all anomalies using ground-based mapping of creeks, drainages and incised valleys and / or hill scarps. On each anomaly, drilling will be employed to penetrate the overburden and covering layers of rock to produce in situ rock samples for geochemical analysis. Using a suite of

geochemical pathfinder minerals and judicious petrological sampling, these samples will assist in vectoring in on anomalous zones likely to represent mineralized structures. Drilling will be conducted in phases, with each phase investigating fewer anomalies.

Based on the new higher resolution datasets, 21 of the original 106 targets in the Stage 2 Target Bank were prioritized for pre-drilling resistivity and gold geochemical surveys. Completion of ground resistivity and soil gold geochemical surveying highlighted that 6 of the 14 targets tested to date have coincident magnetic lows, gravity highs, resistivity highs and traces of gold in soils (up to 30 ppb). Glass Earth completed its first exploratory drill hole into one of the 6 identified geophysical targets (Tahunaatara) in May 2006. The drill hole was planned to provide stratigraphic information of the resistive rocks prior to a more comprehensive drill program. The drill hole intersected a significant (70 metre wide) zone of intense hydrothermal alteration and silicification with anomalous gold and silver mineralization: 51 metres at 0.1 g/t Au, 1.7 g/t Ag (174 – 225 metres). The hole ended at 357.2 metres in intense alteration. Whilst no economic gold was intersected in this drill hole the discovery of anomalous gold in a major new epithermal system offers significant scope within the large Tahunaatara geophysical anomaly (approximately 2.2 kilometres x 0.7 kilometres). It also offers encouragement for the exploration process and for the other prioritized targets in the area.

Glass Earth has completed detailed infill resistivity and gold soil geochemical surveying of its Tahunaatara target. The results are very encouraging, with eight drill-ready targets, and five other promising targets. The drilling program recommenced on November 1, 2006 on our Tahunaatara target.

Following the completion of TNTDDH 4 (the third hole drilled by the Company) a detailed review of the project, including detailed surface mapping, logging, petrological examination of the core, and a detailed evaluation of the breccias described and mapped in Fracsis has determined that the breccias can be recognized as a very low magnetic feature in the magnetics. Several gram gold results (up to 8gm/t Au) are reported in the vicinity of breccias and silicification outcropping in the southeast corner. These are coincident with a resistivity high and a strong soil geochemical anomaly. It is interpreted that these breccias represent the best source/conduit of geothermal fluid, whilst the silicified rhyolites are the preferred host. TNTDDH005 commenced in mid-January 2007, and was planned to test the coincidence of these features at the lowest geographic region allowing penetration to deeper levels of the hydrothermal system.

The best intercepts for TNTDDH03 and TNTDDH04 were:

TNTDDH03: 11m @ 0.45ppm (221-232m)
 4m @ 0.38ppm (246-250m)
 2m @ 0.28ppm (230-232m)

TNTDDH04A: 7m @ 0.24ppm (173-180m)
 8m @ 0.22ppm (148-156m)

The resistivity / soil geochemical sampling team continues both evaluating and infilling on targets, and progressing new targets.

Otago Region

The Dunedin office in the South Island, New Zealand, will be directing exploration efforts in this region as follows:

Glass Earth has commenced its second Data Collation / Interrogation Project over Prospecting Permit 39 322, which was granted in December 2006. Complementing Glass Earth's Otago regional approach, the Company has also, through the acquisition of HPD, acquired near drill ready targets in Otago.

Data collection / geophysical intervention, over the recently awarded Otago Prospecting Permit and other areas, and a targeting project commenced in January 2007. The airborne geophysical survey will cover an area of over 16,000 square kilometres and is the largest airborne survey of this nature ever flown in New Zealand. The airborne geophysical survey was contracted to Fugro BTW Limited ("FUGRO") on December 20, 2006. It is planned to obtain a detailed geological understanding of the area allowing targeting of new areas with the potential for hardrock and/or alluvial gold. The survey will involve the helicopter-borne "RESOLVE™" EM system combined with a magnetic gradiometer. This system targets the top 100 metres of the earth's crust (the zone of interest for Glass Earth). Two helicopters each towing a 9 metre Resolve™ drone will carry out this geophysical survey which is expected to take about 4 months to complete.

On January 8, 2007, the first geophysical crew arrived to setup, test and review operating procedures. The survey equipment is installed in / towed beneath an Aerospatiale AS 350B2 helicopter operated by Heliworks Queenstown Helicopters as shown below. In consultation with FUGRO, the aerial survey has been divided into three flying blocks. On January 15, 2007 the aerial survey commenced in the southern block progressing in a westerly direction. The second geophysical crew and equipment arrived in late January 2007.

Otago Region Alluvial Gold

Historically, this prolific alluvial gold producing region recovered approximately 8 million ounces of gold in the 19th Century via prospecting and dredging. Glass Earth's airborne campaign will renew interest in its remaining alluvial potential.



FINANCIAL COMMENTARY

At December 31, 2006, the Company had net working capital of \$6,912,000 (May 31, 2006: \$1,127,000), including cash and equivalents of \$7,316,000 (May 31, 2006: \$1,403,000). See comments on adequacy of Company liquidity at the end of Financial Statistics section

Exploration Expenditures

Mineral exploration costs, which form the bulk of the Company's expenditures, increased from \$265,000 in the first quarter to \$463,000 in the second quarter, and totaled \$1,269,000 in the seven months ended December 31, 2006. Expenditure was lower in the first quarter, which coincided with the (mild) winter period in New Zealand and staff vacations, as emphasis was placed on the preparation of the prospectus that underpinned the recent NZ\$10 million capital raising in New Zealand that required significant input from technical staff. Exploration expenditures have accumulated as set out in the Table below:

(In thousands of Canadian dollars.)

	12-months to May 31, 2006	3-months to August 31, 2006	3-months to November 30, 2006	1-month to December 31, 2006
Opening balance	1,743	5,048	5,313	5,776
Airborne surveys	700	-	-	297
Geological consulting, mapping and modeling	268	125	224	99
License rentals	41	67	13	12
Resistivity surveys	185	10	174	38
Drilling	72	63	52	95
Total exploration expenditure	1,266	265	463	541
Acquisition of HPD	2,039	-	-	-
Closing balance	5,048	5,313	5,776	6,317

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

(In thousands of Canadian dollars.)

Project	Opening Balance	3-months to August 31, 2006	3-months to November 30, 2006	1-month to December 31, 2006	Closing Balance
Hauraki Region	1,631	9	7	1	1,648
Mamaku- Muirs Region	394	5	3	3	405
Central Volcanic Region	2,719	196	397	221	3,533
Otago Region	204	55	53	316	628
Waihi West Joint Venture	100	-	3	-	103
	5,048	265	463	541	6,317

Significant infill resistivity surveys have been carried out and combined with analysis of previous drill results in order to better define drill targets. Commencing November 2006, Glass Earth expects to conduct continuous sequential ground based resistivity and drilling over calendar 2007.

On December 20, 2006, the Company signed the contract with FUGRO for the airborne survey over the Otago region and paid the initial deposit of \$297,000.

Drilling recommenced in November 2006 with the drilling of TNTDDH03 and TNTDDH04 in the Central Volcanic region.

Significant Expenses of a Corporate Nature

The net loss for the seven months ended December 31, 2006 was \$887,000 (or \$622,000 before deduction of an unrealized foreign exchange gain of \$270,000 and inclusion of a non-cash book entry of \$535,000 for stock based compensation, being the value of the stock options granted and / or vested during that period calculated in terms of the Black-Scholes Model), compared with \$1,307,000 in the year ended May 31, 2006 (or \$843,000 exclusive of a non-cash book entry of \$464,000 for stock based compensation).

Other significant expense categories included:

- a) general and administration expenses were \$26,000 in December 2006, \$148,000 in the three months ended November 30, 2006, and \$114,000 in the three months ended August 31, 2006. These costs have been rising steadily due to the increase in administrative employees, an increase in the number of offices rented, general telecommunication cost increases due to greater geographical spread of activities and \$25,000 spent on investigating geothermal initiatives in the three months ended August;
- b) professional fees of \$55,000 were incurred in December 2006, compared with \$60,000 in the three months ended November 30, 2006 and \$18,000 in the three months ended August 31, 2006. In the three months ended November 30, 2006, this related primarily to audit fees (including additional work required as a result of the New Zealand prospectus and listing), compared to legal fees incurred in respect of creating a land purchase option agreement template and advice in relation to capital transactions in the three months ended August 31, 2006. In December 2006, provision for the shortened year-end audit, including the costs associated with the appointment of a new firm of auditors, make up the bulk of the expense;
- c) net salaries (after exploration recharges) of \$40,000 in December, \$28,000 in the three months ended November 2006 and \$36,000 in the three months ended August 2006 includes two full time senior executives (the COO and CFO), and in December 2006 also included adjustments such as holiday pay; and
- d) consulting fees in December 2006 were \$3,000, compared with \$32,000 in the three months ended November 30, 2006 and \$27,000 in the three months ended August 31, 2006. Consulting fees are paid to the Finance and Investor Relations Vice Presidents, as well as a general technical consultant. The Vice President, Investor Relations resigned at the end of October 2006.

The Company employs 11 permanent staff in New Zealand, including its head office in Wellington, administration office in Auckland and exploration offices in Dunedin (Otago Region) and Rotorua (Central Volcanic Region).

Financial Statistics

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

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

Fiscal Period	Revenue	Net Loss	Earnings / (Loss) per Share (cents)		Total Assets	Total LT Liab.	Dividends
			Basic	Diluted			
Dec 2006	-	258	(0.20)	(0.20)	14,106	-	-
3 mths to 30 Nov 2006	-	130	(0.16)	(0.16)	13,758	-	-
3 mths to 31 Aug 2006	-	499	(0.72)	(0.72)	6,841	-	-
Dec 31, 2006	-	887	(0.99)	(0.99)	N/A	N/A	-
2006 – Q4	-	503	(0.80)	(0.80)	6,656	-	-
2006 – Q3	-	569	(0.94)	(0.94)	3,069	-	-
2006 – Q2	-	174	(0.30)	(0.30)	2,722	-	-
2006 – Q1	-	61	(0.11)	(0.11)	3,105	-	-
May 31, 2006	-	1,307	(2.12)	(2.12)	N/A	N/A	-
2005 – Q4	-	402	(0.65)	(0.65)	3,127	-	-
2005 – Q3	-	50	(0.14)	(0.14)	1,120	-	-
2005 – Q2	-	90	(0.25)	(0.25)	761	-	-
2005 – Q1	-	49	(0.14)	(0.14)	759	-	-
May 31, 2005	-	591	(0.96)	(0.96)	N/A	N/A	-

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

(In thousands of Canadian dollars.)	7 months December 31, 2006	12-months May 31, 2006	12-months May 31, 2005
Cash	7,316	1,403	1,359
Working capital	6,912	1,127	1,036
Cash used by operating activities	(475)	(882)	(332)
Cash used by investing activities	(1,437)	(1,521)	(1,057)
Cash provided by financing activities	7,555	2,447	2,724

In addition, in June 2006, \$0.5 million gross cash was raised through the issuance of common shares. Issue costs incurred amounted to \$8,000.

In the seven months ended December 31, 2006, \$7,498,000 was raised through the issue of 40,000,000 units at 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. Issue costs of \$319,000 were incurred in the period in addition to the \$116,000 which were incurred in respect of the preparation of the New Zealand prospectus and ultimate raising of NZ\$10 million in the first quarter.

Liquidity

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

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

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

The **Mamaku- Muirs** and **Central Volcanic Regions** are serviced by the Company's Rotorua office. Exploration expenditures, including resistivity surveys and drilling totaling approximately \$220,000 per month are budgeted for fiscal 2007.

The **Otago Region** activity will centre on the airborne geophysics survey, expected to cost approximately \$2.9m in fiscal 2007. Offsetting this will be contributions from a regional

government body of \$800,000 together with any additional contributions from third parties who may wish to joint venture or acquire a copy of data over their permit area.

The Company's General and Administrative expenditures are expected to be approximately \$700,000 for fiscal 2007. The Company's cash of \$6.9m as at 31 December 2006 is considered sufficient to carry the Company through into mid 2008.

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. Peter Liddle (a director and former significant shareholder of GENZL) became an employee of GENZL. Mr. Liddle received compensation of \$64,830 in the current period (12-months ended May 31, 2006: \$5,050).
- b) On April 1, 2005, Mr. Simon Henderson (a director and former significant shareholder of GENZL) became an employee of GENZL. Mr. Henderson received compensation of \$82,982 in the current period (12-months ended May 31, 2006: \$133,132).
- c) During the current period management fees of \$18,136 (12-months ended May 31, 2006: \$33,000) were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of a director, Mr. Glenn Laing.
- d) During the current period, \$31,946 was paid or accrued to St George Minerals Ltd, (a company of which Mr. Glenn Laing is a director) for the provision of office and related facilities in Toronto (12-months ended May 31, 2006: \$67,926). In the year ended May 31 2006, \$9,000 was advanced to St George Minerals Ltd, and remains outstanding at the period end.
- e) At May 31, 2006, Misape Management Inc., a company of which Mr. Glenn Laing is a director, was due \$27,000 as reimbursement for costs incurred on behalf of the Company. No amount is outstanding to Misape Management Inc. at December 31, 2006.
- f) During the current period, \$7,630 was paid to non-executive director, Mr. J. Dow, for additional duties undertaken by him in relation to the fund raising in New Zealand and the subsequent listing of the Company's shares on the New Zealand Exchange's Alternative Exchange (NZAX).
- g) During the current period, \$7,000 was paid to non-executive director, Mr. Richard Billingsley, for additional duties undertaken by him of a technical nature (12-months ended May 31, 2006: \$Nil).

- h) At December 31, 2006, \$15,000 was outstanding to the Company's parent company, St Andrew Goldfields Limited, for travel expenses incurred on behalf of the Company (twelve 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 the financial statements.

Other Matters

Use of Financial Instruments

In the seven months ended December 31, 2006, Glass Earth did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities. Foreign currency exposure is minimized by retaining the majority of cash (approximately 70%) in Canadian dollar denominated instruments. Funds expected to be expended in New Zealand dollars in the short-term are held in New Zealand dollar denominated investments (approximately 30%).

Contractual Obligations and Commitments

- a) GENZL had expenditure commitments as at December 31, 2006 of \$1,990,859 (31 May 2006: Nil) representing work to be undertaken in relation to the airborne geophysics campaign in the Otago region over a four month period. At December 31, 2006, \$296,953 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.
- a) Under the terms of non-cancelable operating leases, the Company is committed to rental payments as follows :

2007	\$60,843
2008	\$52,703
2009	<u>\$5,484</u>
	<u>\$119,030</u>

Off-Balance Sheet Arrangements and Contingent Liabilities

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

Critical Accounting Policies and Estimates

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

The Company's significant accounting policies are those that affect its consolidated financial statements, and are summarized in Note 4 of the audited consolidated financial statements for the period ended December 31, 2006. Critical accounting policies and estimates in the period included capitalization of the costs relating to the acquisition, exploration and development of non-producing resource properties and the recognition of impairment of those assets, the allocation of proceeds on the purchase or sale of assets, the valuation of stock based compensation, warrants and tax accounts, and contingent liabilities.

Actual results could differ from these estimates.

Mineral Properties

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

Asset retirement obligations

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

recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties.

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

SUBSEQUENT EVENTS

1. Newmont Mining Corporation Joint Venture - Hauraki Region

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

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

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

2. GCO Minerals Company Joint Venture – Central Volcanic Region

On February 21 2007, GENZL entered into a Letter of Intent with GCO Minerals Company ("GCO") to carry out a Joint Venture on GCO's Exploration Permits 40 656, 40 690 and 40 691 which are contiguous to GENZL's significant permit holdings, in the Central Volcanic Region of the North Island of New Zealand,

The proposed terms of the joint venture are as follows:

- a. Glass Earth to spend NZ\$500,000 (circa C\$415,000) meeting near and mid term work obligations of the GCO Permits in order to keep them in good standing;
- b. Glass Earth to earn a 70% equity in the Permits upon expending the NZ \$500,000 and be the manager of the Joint Venture;
- c. Subsequent to Glass Earth earning its 70% equity in the GCO Permits, GCO may elect to fund its percentage interest share of joint venture expenditure, or may elect to dilute under an agreed formula, under any successive program and budget;
- d. The detailed joint venture agreement, to be negotiated, will include the usual matters of a dilution formula, pre emptive rights etc.

3. Otago Regional Council Contribution to Airborne Survey – Otago Region

On February 23 2007, the Otago Regional Council (“ORC”) provided the first tranche of funds (NZ\$280,000 – circa C\$232,000) towards its NZ\$1m (circa C\$830,000) contribution to GENZL’s Otago Region Airborne Geophysical Survey. The Survey, located in the bottom half of the South island of New Zealand is budgeted at NZ\$4m (circa C\$3.3m), commenced in mid January 2007 and is expected to take 4 months to complete.

OUTLOOK

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

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

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

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

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

Recent financing activities in Canada and New Zealand should provide Glass Earth with adequate exploration funding through to 2008.

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

RISKS, UNCERTAINTIES AND OTHER ISSUES

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

Nature of Mineral Exploration and Development Projects

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

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

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

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

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

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

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

Licenses and Permits, Laws and Regulations

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

The Company believes that it holds, or has applied for, all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. There is no assurance that future changes in such

regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are required in connection with the exploration activities proposed for the properties. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

Environmental

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

Claim Titles and Aboriginal Rights

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

Dependence on Key Personnel

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

Joint Ventures

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

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

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

Conflicts of Interest

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

RECENT CANADIAN ACCOUNTING DEVELOPMENTS

Recently issued Canadian accounting pronouncements from the Canadian Institute of Chartered Accountants ("CICA") are outlined below. Glass Earth does not believe that it will be significantly affected by these pronouncements.

In April 2005, the CICA issued Section 1530 of the CICA Handbook on "Comprehensive Income". This Section applies to fiscal years beginning on or after October 1, 2006. It describes

reporting and disclosure recommendations with respect to comprehensive income and its components. Comprehensive income is the change in shareholders' equity that results from transactions and events from sources other than the Company's shareholders. These transactions and events include changes in the currency translation adjustment relating to self-sustaining foreign operations and unrealized gains and losses resulting from changes in fair value of certain financial instruments. The adoption of this section on January 1, 2007 implies that the Company will in future present comprehensive income and its components in a separate financial statement.

In April 2005, the CICA issued Section 3855 of the CICA Handbook on "Financial Instruments – Recognition and Measurement Income". This Section applies to fiscal years beginning on or after October 1, 2006. It describes the standards for recognizing and measuring financial instruments in the balance sheet and the standards for reporting gains and losses in the financial statements. Financial assets available for sale, assets and liabilities held for trading and derivative financial instruments, part of a hedging relationship or not, have to be measured at fair value. The Company does not believe that the adoption of this pronouncement on January 1, 2007 will have a material impact on its financial reporting and disclosures.

In April 2005, the CICA issued Section 3865 of the CICA Handbook on "Hedges". This Section applies to fiscal years beginning on or after October 1, 2006. The recommendations expand the guidelines exposed in Accounting Guideline 13 (AcG-13), Hedging Relationships. This Section describes when and how hedge accounting can be applied as well as the disclosure requirements. Hedge accounting enables the recording of gains, losses, revenues and expenses from the derivative financial instruments in the same period as for those related to the hedged item. The Company does not believe that the adoption of this pronouncement on January 1, 2007 will have a material impact on its financial reporting and disclosures.

Multilateral Instrument 52-109

Evaluation of disclosure controls and procedures

Public companies are required to perform an evaluation of disclosure controls and procedures annually and to disclose management's conclusions about the effectiveness of these disclosure controls and procedures in its annual Management's Discussion and Analysis. The Company has established, and is maintaining, disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is disclosed in annual filings, interim filings or other reports, and is recorded, processed, summarized and reported within the time periods specified as required by securities regulations.

Management has evaluated the effectiveness of the Company's Disclosure Controls and Procedures as at December 31, 2006 and, given the size of the Company and the involvement at all levels of the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, believes that they are sufficient to provide reasonable assurance that the Company's disclosures are compliant with securities regulations.

Internal controls over financial reporting

As at December 31, 2006 management of the Company is responsible for evaluating the design of internal control over financial reporting. The Chief Executive Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with the issuer's Generally Accepted Accounting Principles as of December 31, 2006, have not identified any changes to the Company's internal control over financial reporting in the latest interim reporting period that would materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUPPLEMENTAL TO THE FINANCIAL STATEMENTS

Outstanding Share and Option Data

Glass Earth's shares trade on the TSX Venture Exchange and the New Zealand Alternative Exchange ("NZAX") under the symbol "GEL". The Company is authorized to issue an unlimited number of common shares without par value. As at March 6, 2007, the following items were issued and outstanding:

- 129,902,633 common shares;
- 11,140,000 common share purchase options with an average exercise price of \$0.16 per share and expiry dates of between February 22, 2011 and December 1, 2011;
- 23,375,998 unlisted common share purchase warrants with an average exercise price of \$0.28 per share and expiry dates of between March 31, 2007 and June 6, 2008; and
- 20,000,000 listed (on the NZAX) common share purchase warrants with an exercise price of NZ\$0.35 (approximately \$0.26) per share and expiry date of October 13, 2008.

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

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

A total of 18,458,424 common shares remain subject to the provisions of the escrow agreement.

March 7, 2007