

Glass Earth

Prospectus

for an offer of Shares and Options in Glass Earth Limited



Lead Manager

McDOUALL STUART

WARNING – RESTRICTED DISCLOSURE

This registered Prospectus has been prepared in accordance with the Securities Act (NZX-NZAX Market) Exemption Notice 2005. It may not contain as much information as would ordinarily appear in a registered prospectus prepared in accordance with the requirements of the First Schedule to the Securities Regulations 1983. It is strongly advised that you seek independent professional advice before investing in these securities. Copies of this registered prospectus, financial statements of the Issuer and other information about the securities offered and the Issuer of the securities are available from the Issuer's NZAX information portal on the NZAX website at http://www.nzx.com/nzmarket/nzax/nzax_ipos, the Issuer's website at <http://www.glassearth.co.nz> or free of charge from the Issuer on request.

In particular, the Issuer believes that it is unable to prepare meaningful projections of future returns and has elected not to provide projections of future returns. Investors should rely on their own judgement or on independent advice as to the likely level of returns.

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IMPORTANT INFORMATION

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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CHOOSING AN INVESTMENT ADVISER

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- Whether the adviser gives advice only about particular types of investments;
- Whether the advice is limited to the investments offered by one or more particular financial organisations; and
- Whether the adviser will receive a commission or benefit from advising you.

You are strongly encouraged to request that statement. An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- If an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- If an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

IMPORTANT NOTICE

Registration of Offer Document

A copy of this Offer Document duly signed and with copies of the documents required by section 41 of the Securities Act 1978 to be attached, has been delivered to the Registrar of Companies at Auckland, New Zealand for registration under section 42 of that Act.

New Zealand Offer only

This Offer Document is intended for use only in connection with the Offer in New Zealand and is not to be sent or given to any person outside New Zealand in any other jurisdiction in circumstances in which the Offer or use of the Offer Document would be unlawful. This Offer Document does not constitute an offer or invitation in any jurisdiction other than New Zealand. Each person applying for Shares and Options under this Offer shall be deemed to represent that they are either a pre-approved habitual investor or not in a jurisdiction which prohibits the making of an offer of this kind and are not acting on the account or benefit of a person in such a jurisdiction. In particular, no Offer Document in connection with this Offer will be filed in Canada and accordingly the Shares and Options allotted under this Offer will be subject to resale restrictions to Canadian residents and in Canada for 4 months after allotment.

19,320,000 Shares and 9,660,000 Options (representing 48.3% of the Offer) have been reserved for allocation to St Andrew Goldfields Ltd. St Andrew Goldfields Ltd is a Canadian company and habitual investor, and already has a 48.3% shareholding in the Issuer. St Andrew Goldfields Ltd does not guarantee or undertake any liability in respect of the Shares or Options being offered.

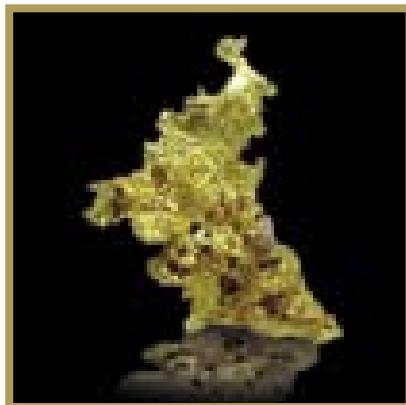
NZAX listing

Glass Earth Limited as an Overseas Listed Issuer has applied to NZX for listing, as an NZAX issuer. All the requirements of NZX for quoting of securities, that can be complied with on or before the date of distribution of this Offer Document, have been complied with. However, NZX accepts no responsibility for any statement in this Offer Document. NZX has authorised McDouall Stuart Securities Limited to act as Organising NZX Participant and NZAX sponsor of the Offer.

Definitions

The terms used in this Offer Document which commence with capital letters have the respective meanings given to them in the Glossary appearing on pages 71 to 73 of this Offer Document.

HIGHLIGHTS – THE NEXT GENERATION OF GOLD EXPLORATION



KEY TERRITORIAL ASSETS

- A pipeline of prospects offering potential for successive phases of discovery and development.
- The largest portfolio of gold focussed prospecting and exploration permits in New Zealand¹ (31,610 km²). Assets include:

Hauraki Region

15 advanced gold prospects, in the region which hosts the world class epithermal gold deposit at Martha gold mine.

Mamaku-Muirs Region

17 new gold targets including the Muirs-reef prospect which has historically produced 43,000oz Au².

Central Volcanic Region

74 epithermal gold targets identified, including 6 advanced drill ready prospects.

Otago Region

Application for a 20,550 sq km² permit for the next Glass Earth regional data collation/geophysical intervention and targeting project.

3 near drill ready mesothermal gold prospects.

KEY INTELLECTUAL ASSETS

- An experienced New Zealand team with a successful track record.
- Leading edge technology through alliances with geoscience specialist Geoinformatics Explorations Inc and use of specialist airborne geophysics technologies to deliver innovative geological insights.
- A Risk Managed Business Plan directed at the discovery of world class gold opportunities, by quickly bringing the right prospects to fruition, thereby making the best use of shareholders' funds.



¹ Sourced from the Crown Minerals website www.crownminerals.govt.nz.

² Tocker, L. 1999: Te Puke project PP39-153 – Mining & Exploration History Welcome Gold Mines Limited (MR3656)



“Glass Earth is leading a revival of gold exploration in New Zealand using rigorous exploration processes, new technology and experienced and successful management”

Glenn Laing, Chairman

CHAIRMAN'S LETTER



Glass Earth
L I M I T E D

11 September 2006

Dear Investor,

On behalf of the Board of Glass Earth, it gives me pleasure to recommend this opportunity to become a Share and Option holder in the Company.

New Zealand's gold mining history dates back to the mid 19th century, when it formed the financial backbone for the country's development. Today, New Zealand is still endowed with significant gold deposits, but the exploration for, and development of new deposits has languished over the last decade or so.

Now, New Zealand-based gold exploration company Glass Earth is leading a revival of gold exploration activity using rigorous exploration processes, new technology and experienced and successful management.

Many investors may not be aware that New Zealand already has two large operating gold mines in the Martha gold mine at Waihi, and Macraes gold mine in Central Otago. The Martha goldmine alone has yielded over 7 million ounces of gold and about 50 million ounces of silver since the 1880s³. At current metal prices this represents gross revenues of over US\$5 billion (or NZ\$8 billion).

As you will read, we have already identified a pipeline of potential gold opportunities in four regions by applying smart science to "see through" thick layers of volcanic ash or cover rocks to potential gold targets below.

The Board considers that Glass Earth's existing prospects provide significant share value growth potential. Additional funding will enable us to more rapidly progress our state of the art exploration and development programmes.

Please do take the time to review the accompanying Offer Document and seek professional advice on the suitability of Glass Earth shares to your investment objectives. If you require further information, please visit our website, www.glassearth.co.nz and, of course, approach your financial adviser for assistance.

We welcome your interest in participating in the further success and growth of Glass Earth and potentially the next big gold discovery in New Zealand.

Yours sincerely,

Glenn Laing
Chairman

³ Sourced from Newmont Mining Corporation's website www.newmont.com.

New Zealand

Tel +64 4 903-4980
Fax +64 4 903-4985
Email info@glassearth.co.nz
Web www.glassearth.co.nz

Level 7, TeRenCo House
86-96 Victoria Street
PO Box 24 109
Wellington 6142

Canada

Tel +1 416 368-7220
Fax +1 416 368-3259
Suite 500
357 Bay Street
Toronto
ON M5H 2T7



KEY FACTS

KEY DATES

Offer Document Registered	11 September 2006
Opening Date of the Offer	11 September 2006
Closing Date of the Offer	6 October 2006
Allotment Date and Statements Sent to Shareholders by	13 October 2006
Expected Quotation and Trading of Shares and Options on the NZAX	13 October 2006

This timetable is indicative only and investors are encouraged to submit their applications as early as possible. The Company reserves the right to vary any of the dates, including the Closing Date. The Options will be separately quoted on the NZAX.

KEY OFFER STATISTICS

Issue Price	NZ\$0.25 per Share
Shares being offered under this Offer Document	40,000,000
Options being offered under this Offer Document to subscribers for Shares	20,000,000
Ordinary Shares on issue prior to the Offer	89,902,633
Options on issue prior to the Offer	32,365,998
Number of Ordinary Shares on issue following the Offer	129,902,633
Number of Options on issue following the Offer	52,365,998
Number of Options to be listed on the NZAX	20,000,000
Market Capitalisation at Issue Price*	NZ\$32,475,000
Expected Cash Reserves at allotment date	NZ\$11,000,000

For every two Shares being offered in this Offer Document, investors will receive one free Option, exercisable at a price of NZ\$0.35 at any time before 5pm (NZ time) on 6 October 2008. These Options will be separately quoted on the NZAX.

This Offer is not underwritten.

*Note:

- a) Market Capitalisation has been calculated using the Issue Price of NZ\$0.25 per share. This must be read in conjunction with all the other information in the Offer Document including the statement of risk factors on page 42.
- b) If all the Shares and Options are allotted and all the existing Stock Options on issue were exercised, then the total number of shares in the Company on issue would be 182,268,631.

GLASS EARTH INVESTMENT OVERVIEW

Glass Earth intends discovering and developing world-class gold deposits in New Zealand's under-explored and highly prospective regions.

This Offer provides New Zealand investors with an opportunity to own part of a new gold exploration business staffed and based in New Zealand, with an asset base that is entirely New Zealand focussed, and a science-driven technological approach that defines a new paradigm for risk managed gold exploration into the future.

The capital raised by Glass Earth under this Offer will assist in developing a range of prospects in known mature gold regions (Hauraki and Otago) and new under-developed gold regions (Mamaku-Muirs and the Central Volcanic).

ASSETS

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 priority over a 20,550km² prospecting permit area which it believes is prospective for Macraes-style gold mineralisation.

Glass Earth has built this portfolio using a "new generation" approach focussed on identifying specific deposit criteria for "world class ore-bodies" that have the potential to attract the investment and returns required for a major international mining group.

This approach uses international leading edge technology via Glass Earth's alliance with Geoinformatics Explorations Inc, an Australian

technology orientated exploration group based in Perth whose process provides a structured and disciplined approach to scientific data capture, validation, compilation, integration, modelling and target generation for gold deposits.

The Geoinformatics process aims to provide the following fundamental advantages over conventional exploration methodologies:

- Reduced discovery time;
- Significant reduction in discovery costs;
- Significant increase in discovery success rates; and
- Added value in the exploration process.

Geoinformatics Explorations Inc is entitled to a 2 percent Net Smelter Royalty on gold produced from targets initially identified in the Hauraki and Central Volcanic Regions that Glass Earth owns or acquires.

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, the process helps build 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.

Glass Earth has already applied this process in the Hauraki/Central Volcanic Regions, where the Data Intervention project kick-started the generation of new gold targets augmented by the implementation of two major airborne geophysical surveys.

Glass Earth has commenced ground verification of its portfolio of targets by drilling its first target, at Tahunaatara (Refer to page 26 for further details). Glass Earth plans further significant drilling of multiple targets.

Glass Earth also plans to carry out its next Data Collation/Interrogation project in the Otago mesothermal gold region, with an integrated geological data base

compilation and airborne geophysical survey programme similar to the one completed in the Hauraki/Central Volcanic Regions.

GROUP STRUCTURE

All Glass Earth's business operations are owned and managed by its New Zealand subsidiaries Glass Earth (New Zealand) Limited ("GENZL") and HPD New Zealand Limited. On pages 6 to 30, references to "Glass Earth" encompass the original Glass Earth company incorporated in New Zealand in 2002 (now called Glass Earth (New Zealand) Limited), and also other members of the Glass Earth Group (including the Issuer) from the date they became part of the Group. Further details of the Glass Earth Group can be found on page 11 under the section entitled "History of the Glass Earth Group".

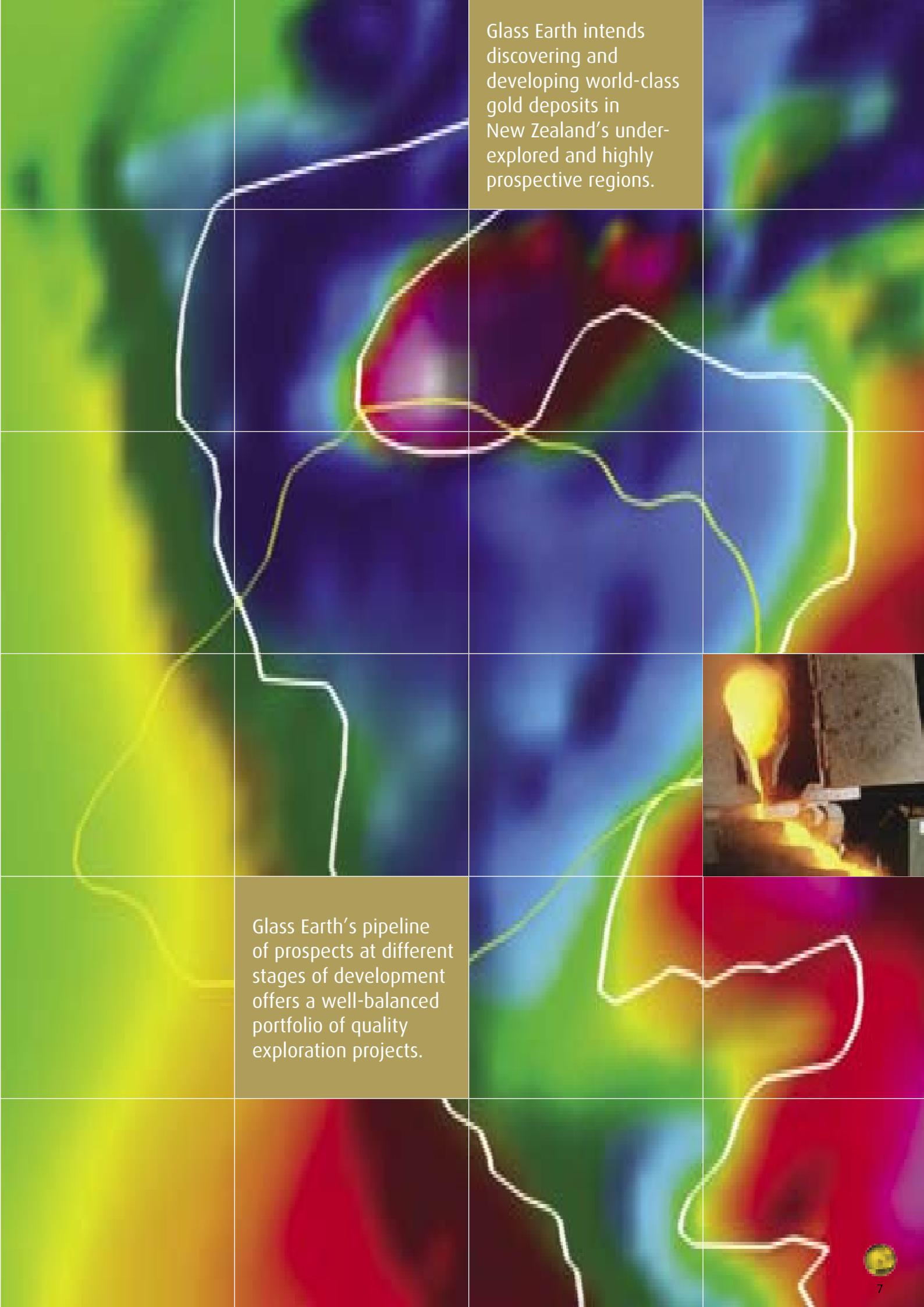
VALUE CREATION

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 recently entering into a joint venture with Newmont Waihi Gold Ltd on Glass Earth's new Waihi West exploration permit alongside the Martha mine. Newmont Mining, currently the second largest gold mining company in the world, may earn an initial 60% equity in the permit by expending \$1.5m on exploration activities.

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 potentially 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.





Glass Earth intends discovering and developing world-class gold deposits in New Zealand's under-explored and highly prospective regions.

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

BOARD OF DIRECTORS



The make up of the Board of Directors has been designed to provide the requisite diversity of experience and skills appropriate to a gold exploration company.

Together, these skill sets provide Glass Earth with the knowledge, contacts, and experience to rapidly advance its exploration endeavours. Further details on each director are provided below.

Chairman

Glenn Laing (55) - President & CEO

Mr Laing holds a BSc Eng (Mining Geology) degree from the University of Witwatersrand, Johannesburg and an MSc (Mining Engineering) degree from Colorado School of Mines, USA. Mr. Laing has been involved in the natural resources and financial sectors for over 30 years. He is currently President and Chief Executive Officer of St. Andrew Goldfields Ltd, Jumbo Petroleum Corporation, Sanatana Diamonds Inc.; President of Silverbridge Capital Inc and Prime Capital Finance (Pty) Limited and a Director of Luiiri Gold Limited. He has extensive experience in the mining and exploration industry which began in 1973 with over 25 years of underground and surface mining and exploration experience in South Africa, Europe, Central Asia and Canada. In the 1990s his experience extended to investment banking and financing to the mining and oil and gas sectors. Mr Laing resides in Toronto, Canada.

Simon Henderson (54)

VP Exploration & COO

Mr Henderson, a New Zealander, is a founding shareholder of Glass Earth (New Zealand) Limited and holds an MSc from the University of Tasmania, a BSc(Hons) from Victoria University and is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). He is a geologist with over 30 years experience in the gold mining and exploration industry, including 18 years working for Otter Gold Mines Ltd/Mineral Resources (NZ) Ltd; the last 7 years as exploration manager in the Tanami Desert (Australia). He has extensive experience over the Hauraki and Central Volcanic regions as well as extensive skills in a wide range of exploration activities and different mineral styles (epithermal, mesothermal, Archaean-Proterozoic vein gold). Mr Henderson has particular experience in the merging and interpretation of geophysical, geochemical, and geological data to build models of potential resources, and to develop the process to outline economic resources. Mr Henderson resides in Wellington.

Simon is also a director of GENZL and HPD New Zealand.



■ Countries where directors have significant exploration and management experience

Peter Liddle (54)
VP Finance & CFO (GENZL and HPD
New Zealand)

Mr Liddle, a New Zealander, is a founding shareholder of Glass Earth (New Zealand) Limited, holds a BComm from Auckland University and is a chartered accountant. He has more than 30 years experience in the financial services industry, particularly in the mineral and petroleum exploration sectors in Australia and New Zealand. Prior to Mr Liddle's involvement with Glass Earth he had acted as Issuer Secretary for publicly listed companies in Australasia for 16 years. Mr Liddle has significant commercial and accounting experience, including expertise in the area of company structures, amalgamations, partnership and joint venture agreements, financial investigations, valuations, and economic loss assessing. Mr Liddle resides in Auckland.

Peter is also a director of GENZL and HPD New Zealand.

John Dow (60)
non Executive Director

Mr Dow, a New Zealander, holds a BSc(Hons) in Geology from Canterbury University and has had 38 years experience as a successful greenfields explorer, exploration manager, and mining executive. He has worked in New Zealand, Antarctica, Southeast Asia, USA and Latin America. His most recent executive appointment was as Chairman and Managing Director of Newmont Australia Ltd until his retirement in 2005. Mr Dow is a non-Executive Director of Troy Resources NL, Director of the Australasian Institute of Mining and Metallurgy ("AusIMM") and is the 2006 President of the Society of Economic Geologists ("SEG"). He is also Chairman of the Vision Waihi Trust. Mr Dow resides in Nelson.

Richard Billingsley (65)
non Executive Director

Mr Billingsley, a Canadian, is a mineral explorationist who acquired extensive experience in geochemical sampling and geophysical field work early in his career. During the late 90's Mr Billingsley specialised in restructuring failed mining companies, and developed a sophisticated land management system for the province of British Columbia. Mr Billingsley's directorships include those of Heritage Explorations Ltd, Bomax Resources Ltd and Dolly Varden Resources Ltd. Mr Billingsley resides in Surrey, British Columbia, Canada.

In 2005 Glass Earth completed what is understood to be the largest airborne geophysical survey ever undertaken in New Zealand, using state-of-the-art technology.

Glass Earth has delineated 21 drill targets in the Central Volcanic Region.

HISTORY OF THE GLASS EARTH GROUP

Glass Earth was formed in September 2002 by three New Zealand investors with significant gold exploration experience. Less than three years later, a reverse takeover of a Canadian "shell" company resulted in a listing on the TSX Venture Exchange (TSX-V) in April 2005. You can find out more about the Share Exchange Agreement that led to this and the Reverse Takeover itself on page 48 under "Material Contracts".

In March 2006, Glass Earth Limited acquired a second wholly owned subsidiary, mesothermal gold exploration specialist HPD New Zealand Limited, whose assets consisted of 20 Prospecting Permits and Exploration Permits over areas that included highly prospective ground in the Hauraki Gold Fields surrounding the Martha mine, and a large ground holding in the Otago mesothermal gold province.

BACKGROUND

Glass Earth Limited, a Canadian incorporated company, is the Issuer of the Shares and Options offered in this Offer Document. The Issuer is the holding company of the Glass Earth group, whose business operations, wholly based in New Zealand, are operated and managed predominantly through Glass Earth (New Zealand) Limited ("GENZL"). GENZL is run by New Zealand geologists with proven skills in finding gold deposits internationally and in managing exploration and mining businesses.

Glass Earth initially focused on exploring the Hauraki / Central Volcanic Regions in New Zealand's North Island. This region is located on the "Pacific Rim of Fire" (see pages 12 and 13), which is known to host exceptionally large epithermal deposits. The Martha Mine at Waihi, considered the "type" epithermal gold deposit has produced 7.3 million ounces of gold. This is the magnitude of epithermal gold deposit that the Company is targeting.

Glass Earth has recently embarked on duplicating the success of its epithermal gold initiatives with a similar foray into the Central Otago goldfields, host to the Macraes mesothermal gold mine owned and operated by Oceana Gold.

TRACK RECORD

Since 2004, Glass Earth has successfully undertaken 3 stages of development:

Stage 1 – 2004

- Accumulation of all available earth science data in the Hauraki/Central Volcanic Regions;
- Compilation of a single multi-dimensional digital database using the innovative Geoinformatics Intervention Process; and
- Delineation of 29 targets in Glass Earth permits for further investigation (formed part of the "Stage 1 Target Bank").

Stage 2 – 2005

- Completed the largest airborne geophysical survey ever undertaken in New Zealand, using state of the art technology;
- Delineation of 21 drill targets, covered by 6 Exploration Permits; a further 85 less well defined new targets remain covered by the original Prospecting Permits;
- These 106 targets form part of the Final Stage 2 Target Bank. Geoinformatics 2% Net Smelter Royalty is limited to targets contained in the Final Stage 2 Target Bank;
- These newly identified "covered" targets have the size, shape and geological and geophysical characteristics to potentially host a greater than 2 million ounce gold deposit⁴; and
- Glass Earth's interpretation of the database indicated that the Coromandel Andesitic Volcanics extend a further 200 kms south

of Waihi into the Mamaku-Muirs Region at shallow depths. This improves prospectivity of the region significantly and added another 6 targets.

Stage 3 – 2006

- In the Hauraki Region, a further 15 targets in the Final Stage 2 Target Bank were located on permits owned by HPD New Zealand Limited ("HPD"). In March 2006 Glass Earth acquired HPD, whose assets consisted of 20 Prospecting and Exploration Permits, covering highly prospective ground in the Hauraki Region surrounding the Martha mine, and a large ground holding in the Otago mesothermal gold province. Several prospects are located close to the 6.7 million ounce Macraes Mine⁵, in Central Otago, with other prospects located in areas of significant historic gold production;
- Glass Earth signed a joint venture agreement with Newmont Mining to explore Glass Earth's Waihi West permit adjacent to Newmont's Martha gold mine in Waihi;
- Commencement of ground based target verification and drill targeting, through resistivity surveys, geological sampling and mapping followed by drilling in the Central Volcanic Region; and
- Glass Earth's exploration efforts will continue to be progressed through self funded exploration endeavours or through joint ventures with international mining companies.

⁴ This is a statement of opinion.

⁵ OGL 2005 Annual Report, updated N43-101 report.

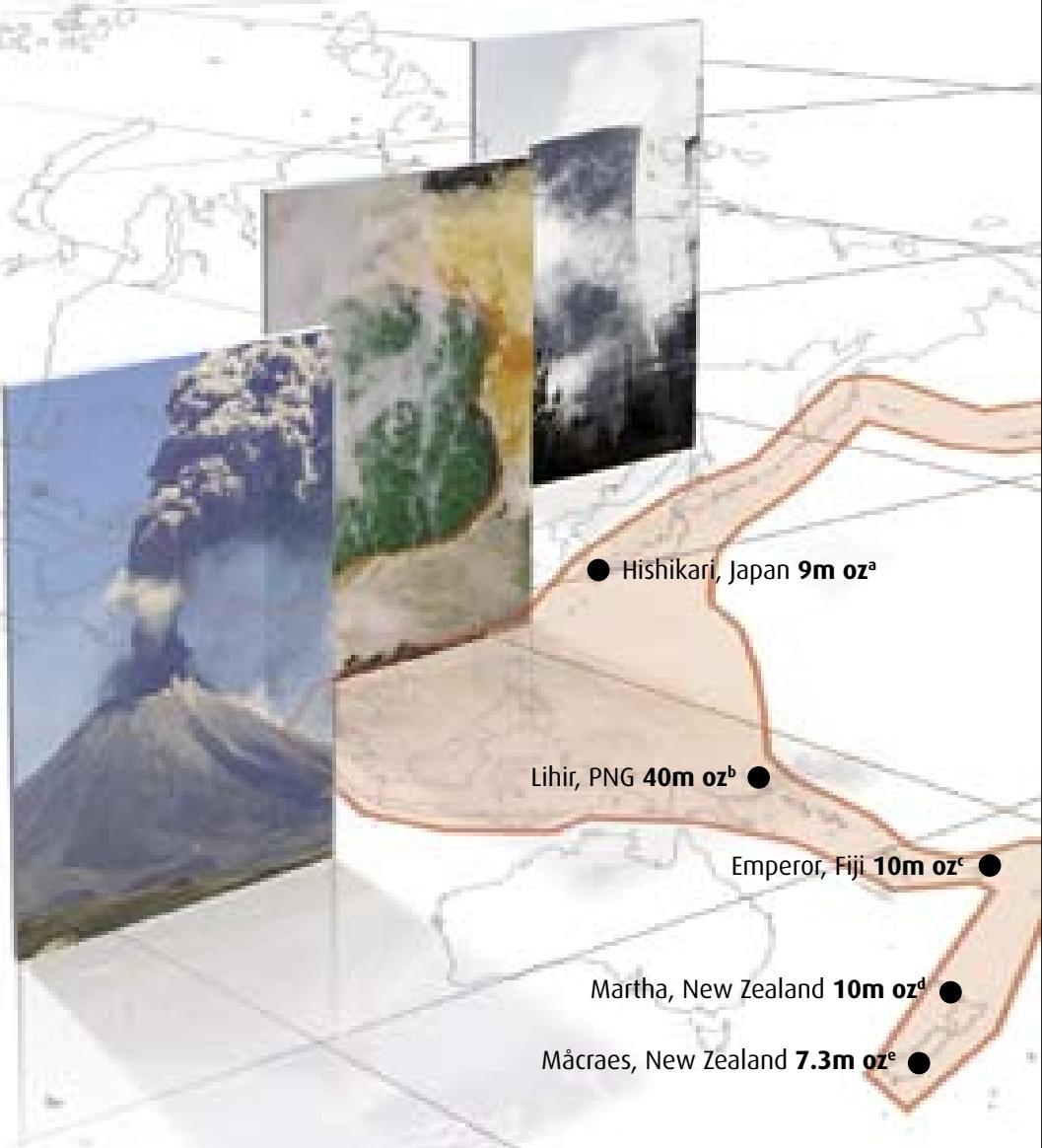


QUANTIFYING THE OPPORTUNITIES

New Zealand hosts world class gold deposits and remains under-explored considering its significant mineral potential.

Gold mining kick-started the development of New Zealand in the mid 1800's with major alluvial gold discoveries in the Otago Region, and later the development of hard rock gold mining in the Hauraki Goldfields. Between them, these discoveries produced approximately 20 million ounces of gold over the past 150 years⁶, worth approximately \$20 billion at current market prices.

Gold is still a cash export commodity today. Mining of minerals in New Zealand has a gross value of \$1 billion per annum⁷, of which gold provides exports totalling \$250 million per annum and employment, both directly and indirectly, for around 4,000 people⁸. Two major gold mines – the Martha gold mine (Waihi) and the Macraes gold mine (Otago) – account for exports of over 300,000 ounces of gold per annum⁹.



EPITHERMAL GOLD

The Hauraki Goldfields, a significant historic gold producer, hosts some 50 known gold occurrences¹⁰ and one world class deposit at Martha, Waihi. These epithermal gold deposits, found in volcanic rocks, are deposited either in active geothermal systems (e.g. Central Volcanic Region), or in historically active geothermal systems (e.g. Martha gold deposit, active 6-12 million years ago). They are part of a suite of giant or world-class epithermal gold deposits characteristically formed in volcanic zones in "The Pacific Rim of Fire".

Recent mapping of volcanic sequences in the Bay of Plenty indicates that volcanic activity in the region from Waihi to Taupo has been continuous over the last 12 million years. This confirms Glass Earth's belief that there is a high

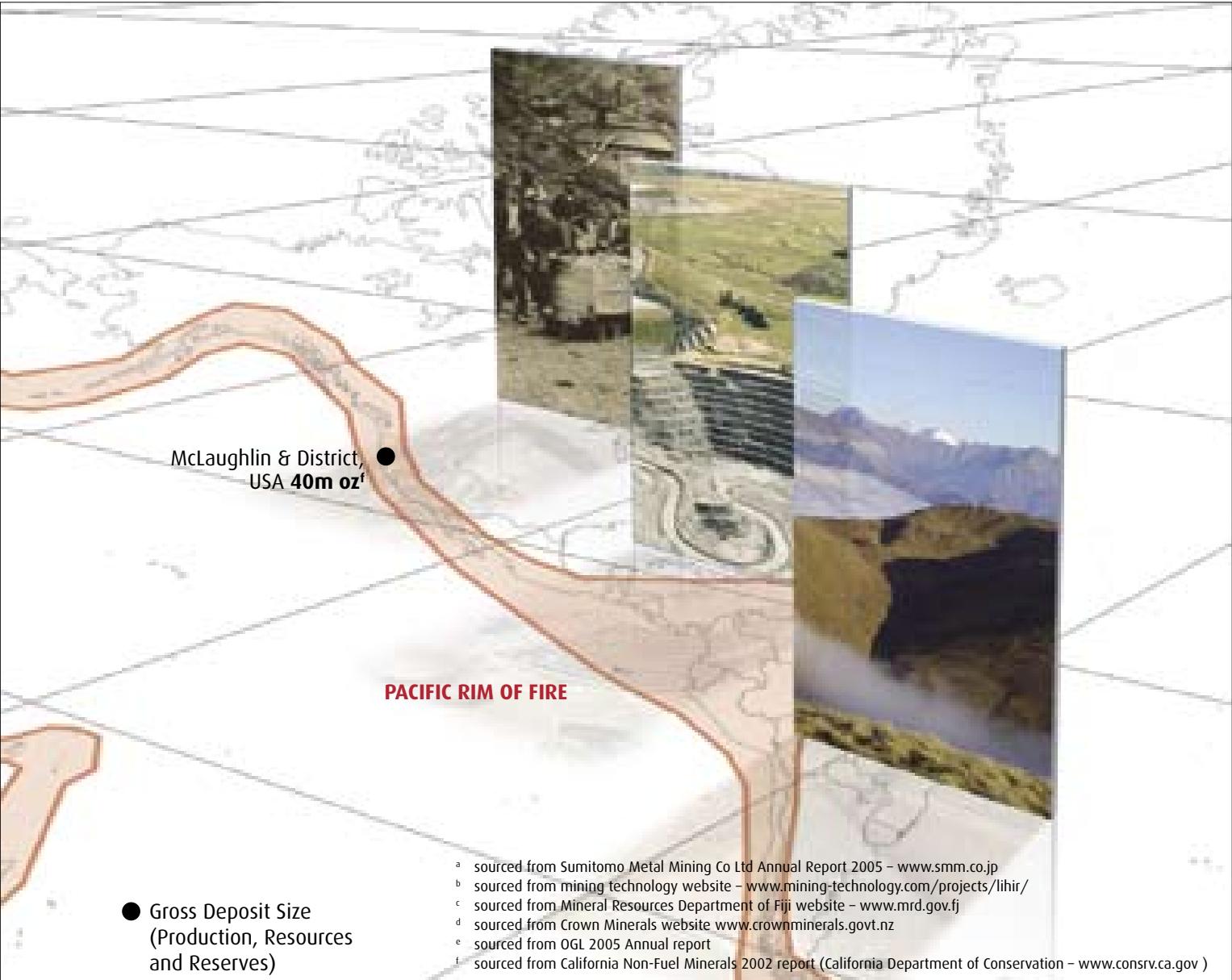
probability of gold deposits forming south of Waihi into the Mamaku-Muirs and the Central Volcanic Regions over the last six million years. This is supported by the discovery that gold is being deposited in geothermal areas in the Central Volcanic Region today.

The discovery of gold precipitates in pipes at Wairakei geothermal power station near Taupo in the 1960's led New Zealand geochemists to unravel the mechanisms of gold deposition in epithermal systems. Their findings provided a key to exploring for gold in geothermal regions worldwide. While there was subsequent success in finding epithermal gold in other parts of the world, explorers in New Zealand's Central Volcanic Region were hindered by a blanket of ash 5 to 150 metres deep. Mines were developed at known

historic sites (Martha and Golden Cross, Waihi), but modern exploration failed to deliver any "new" epithermal gold deposits.

Recently, there has been an upsurge in gold exploration after a long period of inactivity¹¹. Newmont, one of the world's largest gold miners and operator of the Martha gold mine, now has an active Hauraki exploration programme and is developing the underground Favona mine just outside of Waihi.

Glass Earth, having secured large permit holdings in the Hauraki goldfields and virtually all of the prospective Central Volcanic Region, is leading the way with its new and innovative approach to exploration. Having literally looked through the ash cover on the under-



explored but vast Hauraki/Central Volcanic Region using its “see-through” airborne geophysical technology, Glass Earth has identified 127 epithermal gold targets, with the highest priority targets planned for drilling in 2006 and 2007.

MESOTHERMAL AND ALLUVIAL GOLD

The history of gold in Otago goes back 150 million years, to when Otago was mountainous, similar to the Southern Alps of today. Beneath the mountains, gold-bearing mesothermal quartz veins were deposited in active fault zones. As the mountains eroded, gold from the quartz veins was concentrated into layers of coarse gravels on the eroded bedrock. In 1862 the famous Otago gold rush began at Gabriel's Gully, culminating in the discovery of one of the world's richest alluvial gold

deposits. Over the following 100 years, these rivers would yield over 8 million ounces of gold¹². The discovery of hard rock gold resulted in production of a further million ounces in this period.

Today, there are around 150 historic exposures of mesothermal gold rich quartz veins and shears scattered across Otago. In the early 1980's, the region was again the focus of exploration, spurred on by high gold prices and new mining technologies. This led to the development of the Macraes gold mine which commenced production in 1990 and to date has produced over 2 million ounces of gold. The Macraes mine has a further 5.2 million ounces of combined reserves and resources and currently produces some 170,000 ounces of gold per annum¹³.

Glass Earth is about to begin its second “intelligent intervention” in the Otago Region, where a new opportunity exists for the application of large scale airborne geophysics in a region with demonstrated potential to host major gold deposits.

⁶ Sourced from Explore New Zealand by Crown Minerals.

⁷ Sourced from the Crown Minerals' website www.crownminerals.govt.nz.

⁸ Sourced from the Crown Minerals' website www.crownminerals.govt.nz.

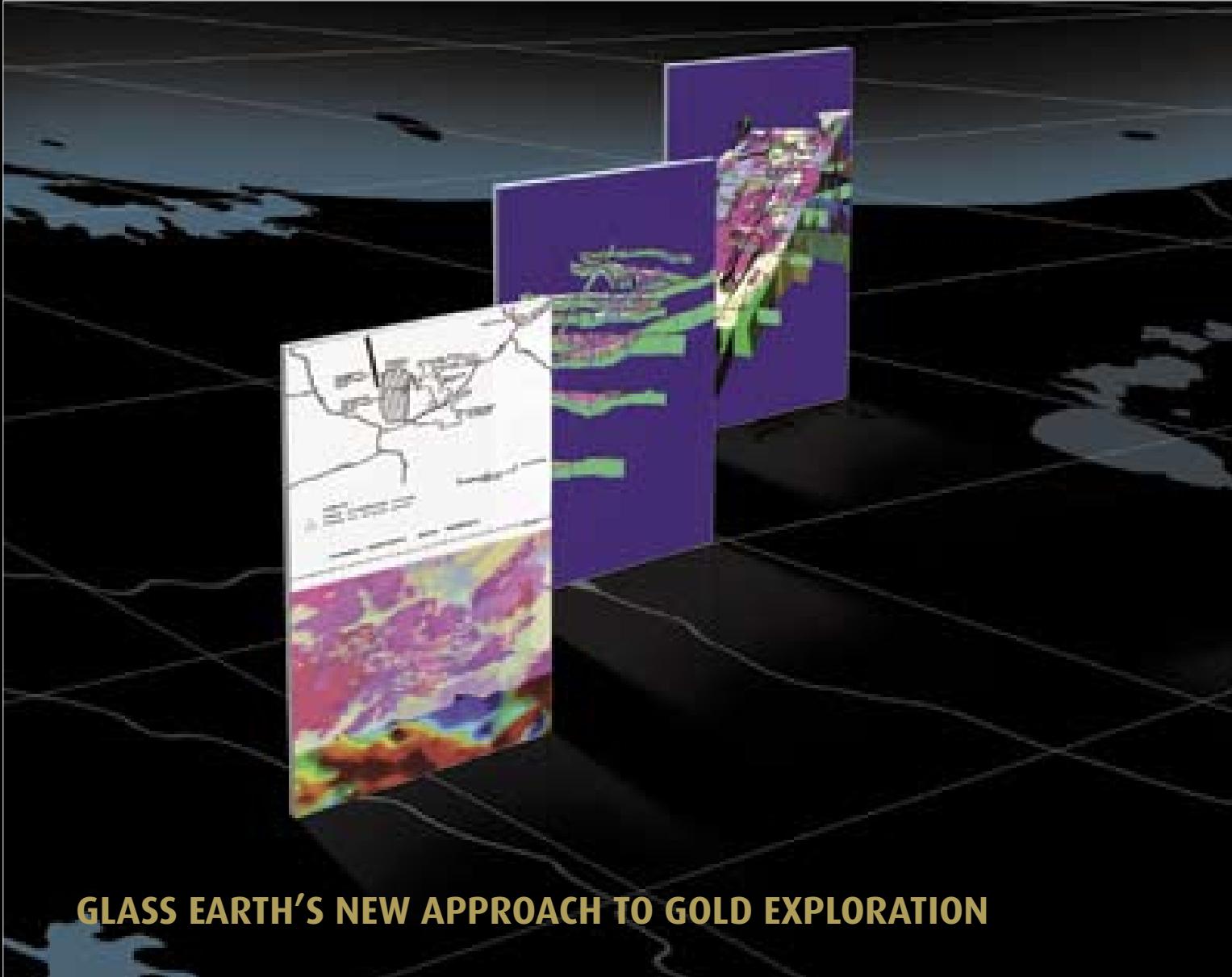
⁹ Sourced from the Crown Minerals' website www.crownminerals.govt.nz.

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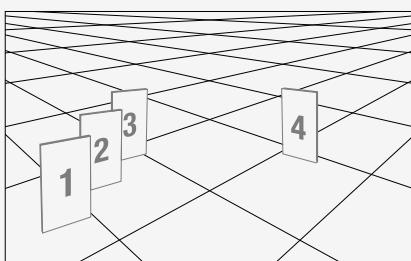
¹¹ Sourced from the Crown Minerals reports in newspapers and convention presentations.

¹² Economic Geology of NZ monograph by G. Williams 1963.

¹³ OGL 2005 Annual Report.



GLASS EARTH'S NEW APPROACH TO GOLD EXPLORATION

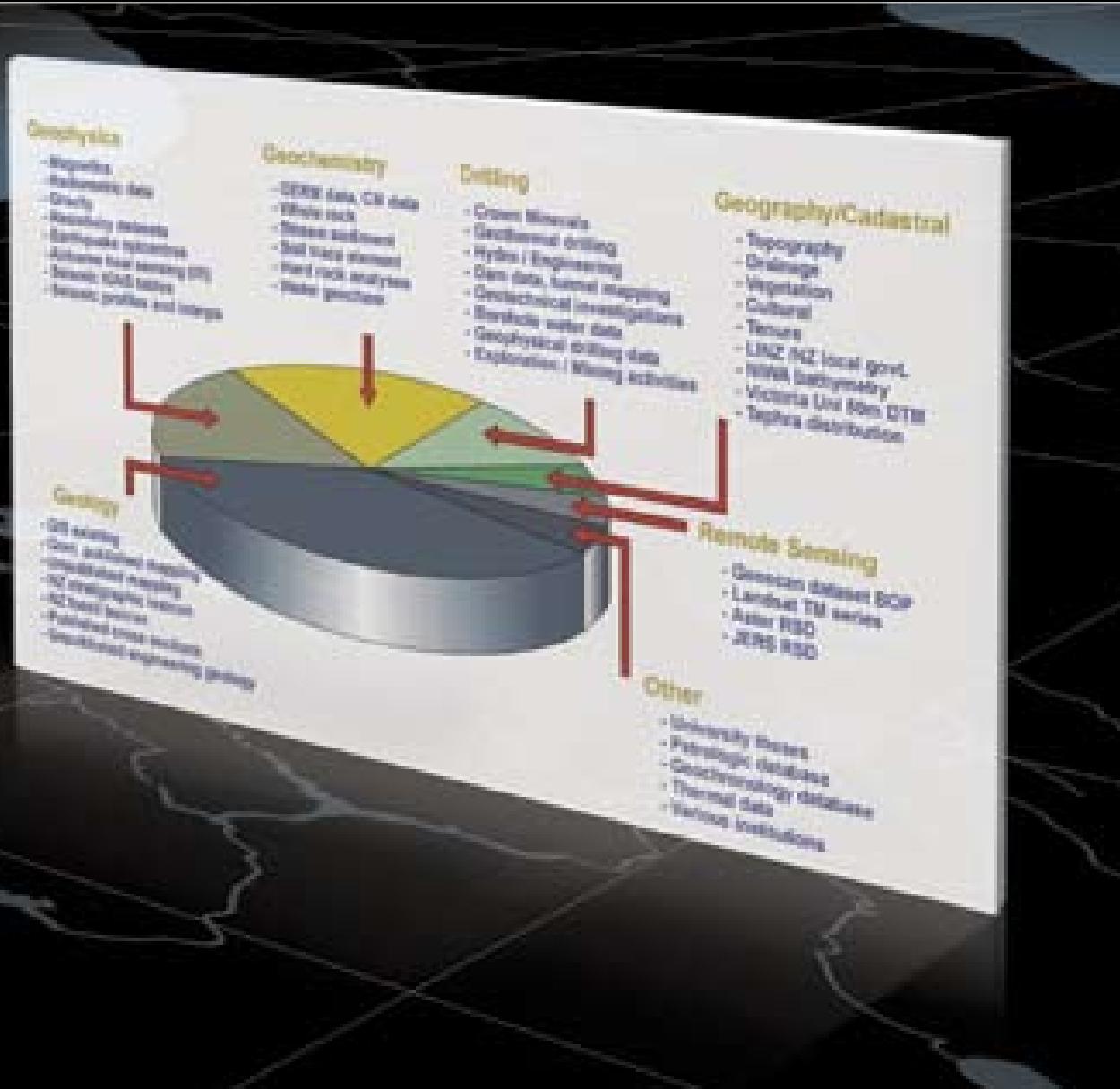


1. Early mineral exploration maps, Institute of Geological & Nuclear Science geological map, and airborne magnetic map over the same areas digitally captured for integration into Glass Earth's 3D model.
2. Geological cross-sections and faulting converted to 3D forms the model basis.
3. Seamless 3D model of the Central Volcanic Zone using all integrated data.
4. List of all data captured by Glass Earth and integrated into a single seamless 3D geological model.

HISTORIC EXPLORATION APPROACH

World gold exploration declined towards the end of the 20th century, with very few significant new discoveries being delivered. While the collapse in commodity prices and the retreat of investment to new technologies were reasons, the underlying cause for the lack of success was that exploration technology was oriented to finding surface deposits which, after two centuries of exploration, had substantially been found.

Exploration companies failed to recognise the need to apply new technologies to explore for “blind, covered” gold deposits.



Many explorers also focussed on a single lead prospect, determined to make it fit the "great deposit model." If they found nothing on their ground, they had little to fall back on.

GLASS EARTH'S RISK ORIENTATED PROCESSES

Some 99% of prospects in the mineral industry worldwide fail to become major discoveries¹⁴, so proper risk-managed exploration is essential to discriminate as to where there is significant potential for discovery and therefore protect investors against unnecessary risk.

Glass Earth's region-wide approach of analysis, targeting and ranking gives Glass Earth the ability to identify potential major gold targets in the region. Just as importantly, Glass Earth

wants to discriminate these potential major deposits from smaller deposits that lack economic feasibility.

Glass Earth's goal is also to speed up the time to discovery. This lowers costs and shortens development time.

GLASS EARTH'S RISK MINIMISING STRATEGIES AND EXPLORATION TECHNOLOGIES

There are four critical factors in Glass Earth's science-led strategy to reduce exploration risk:

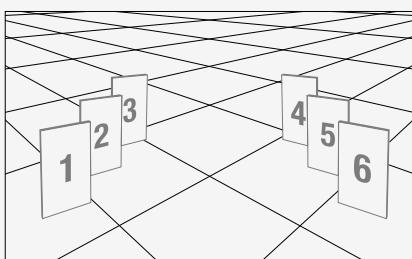
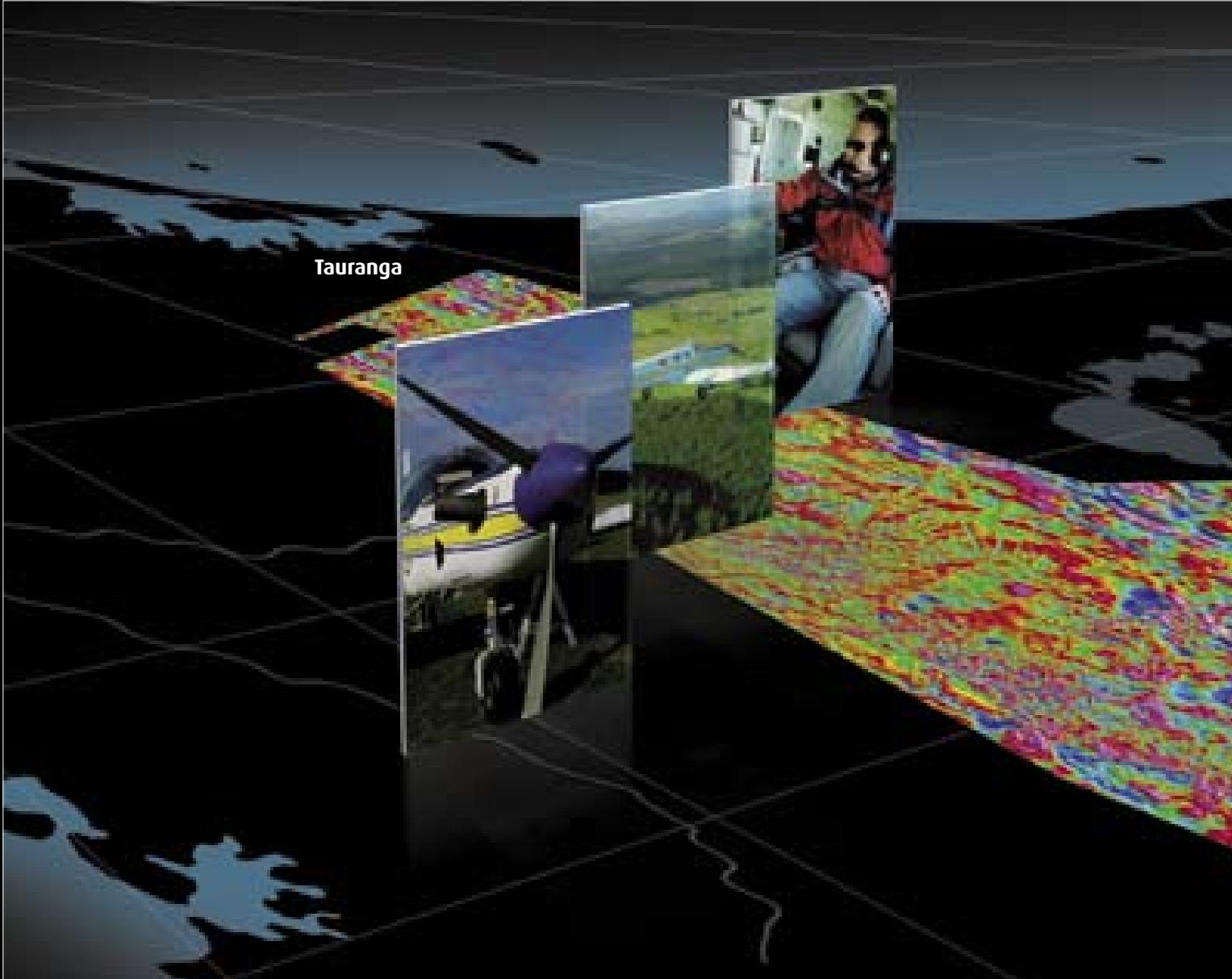
1) Robust factual geology, geochemistry and structure

- Glass Earth began by collecting over 100 years of scientific research data from mineral exploration and mining, science projects, and geothermal and hydro development

investigations, which were held in widely disparate forms. Glass Earth then integrated this data into a single three dimensional digital database to build a new and accurate geological picture of the Hauraki/Central Volcanic Regions. Unlike others, Glass Earth recognised that the integration of these key data sets will play a vital role in helping pinpoint Martha-style gold/silver deposits.

¹⁴ This is a statement of opinion.

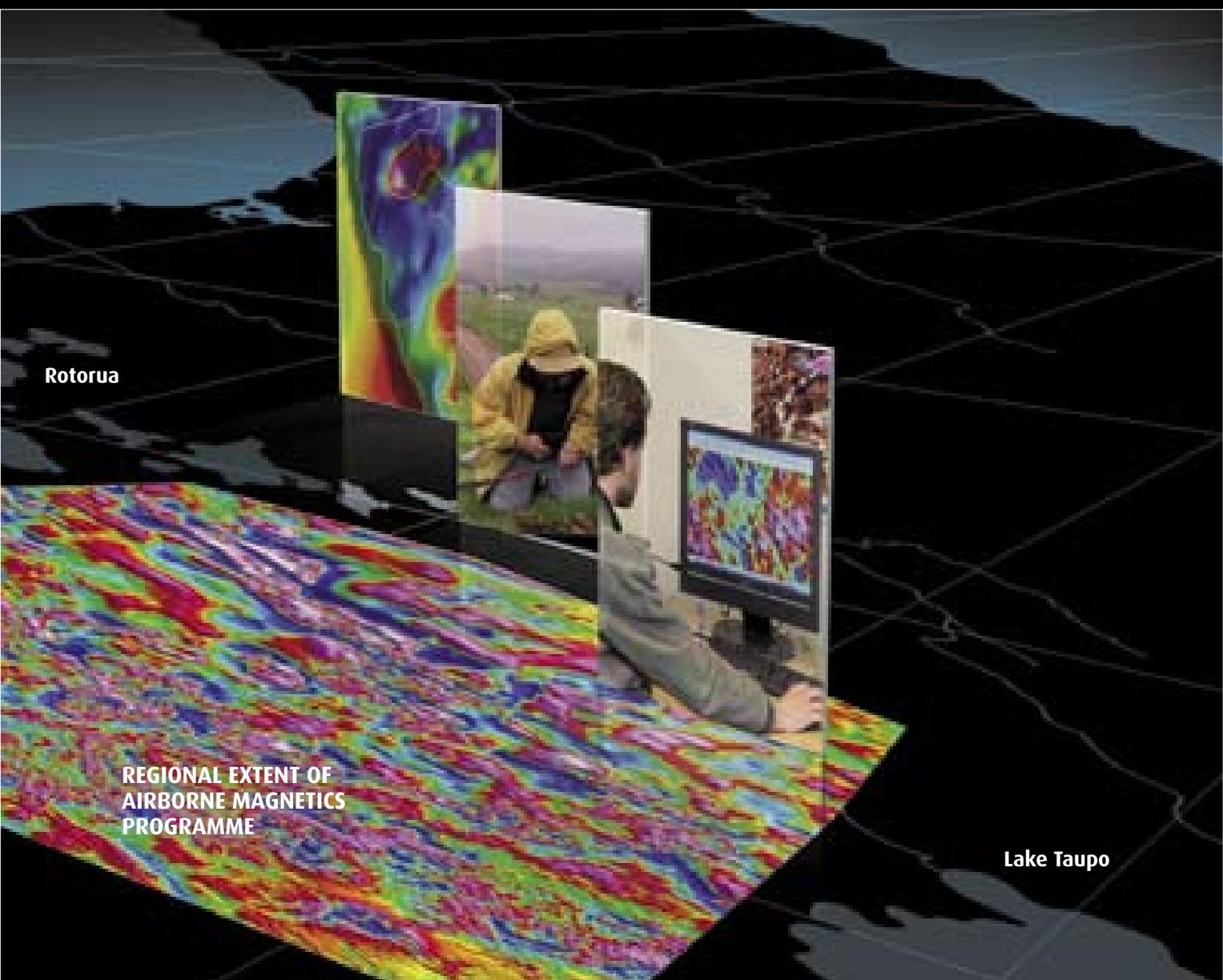




1. Local crop duster modified to accommodate geophysical detection systems.
2. 37,800 line km ultra-detailed airborne magnetic and radiometric survey in progress over the Central Volcanic Region.
3. Geophysical expert from Bell Geospace monitoring in-flight data collection.
4. Image from New Zealand's largest and most detailed airborne geophysics survey.
5. Installing electrodes for ground based electrical resistivity surveying, designed to detect silification and quartz veining associated with gold deposits.
6. Glass Earth staff planning future drill sites.

GLASS EARTH'S RISK MINIMISING STRATEGIES AND EXPLORATION TECHNOLOGIES (CONTINUED)

- 2) **New Data through state-of-the-art Airborne Geophysical Surveys**
 - Glass Earth worked with world leading aerial gravity specialists (Bell Geospace Ltd) and magnetics surveyors (Universal Tracking Systems Pty Ltd) to carry out the most detailed airborne geophysical surveys completed in New Zealand across areas where prospectivity was deemed to be high but there was a lack of quality data. To achieve this, Glass Earth called on these specialists to conduct high density, ultra-low elevation gravity, magnetics and radiometric surveys. The results were a quantum leap in gravity data density and data



availability (previous ground based gravity surveys could only be completed on roads and tracks where vehicle access permitted).

- 3) **"Ground verification" by resistivity and geochemical technologies** – Using ground based electrical resistivity surveys on specific targets identified in the airborne surveys/data integration and interpretation, Glass Earth is ground verifying the remotely sensed anomalies, leaving no stone unturned in the interrogation of the identified targets. This rigour ensures robustness in targeting and ranking to prioritise the most significant targets. All of this work underpins the choice of the best locations for drilling.

- 4) **Leading technical experts in an integrated team** – Key to any exploration success is a core team of highly experienced specialists. Glass Earth brings together a collaborative group of international experts along with New Zealand domain expertise. This specialised team of explorationists has proven skills in finding gold deposits internationally and in managing both exploration and mining businesses.

EXPLORATION TECHNOLOGIES TESTED AND PROVED

Glass Earth has tested its exploration technology by virtue of known gold occurrences in Hauraki and Muirs showing through as targets in the targeting process. Glass Earth's first drill hole into a target discovered a new epithermal gold system, validating the targeting process. While nothing is really verified in gold exploration until a prospect has been drilled and economic gold proven, Glass Earth has successfully proven its targeting technology.



GOLD PROSPECTS BY REGION

EPITHERMAL

Hauraki Gold Region

Hauraki
569km²

Mamaku-Muir Gold Region

Central Volcanic Gold Region

Central Volcanic
& Mamaku-Muir
9,132km²

MESOTHERMAL

GLASS EARTH PERMITS BY REGION

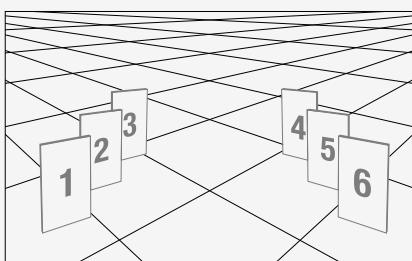
- Exploration Permits
- Prospecting Permits and Applications
- Historic Gold Occurrences

Otago Gold Region

Otago
21,600km²



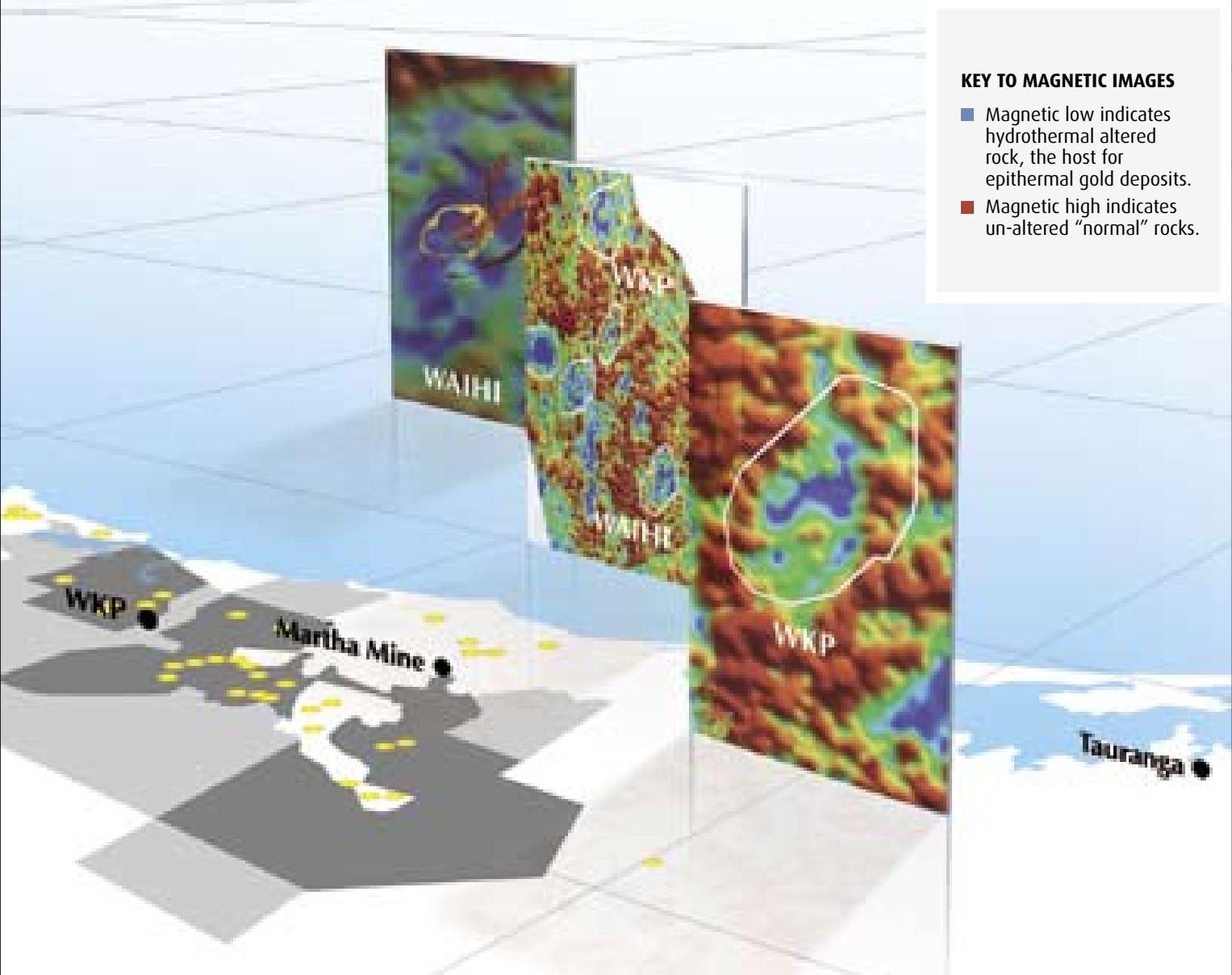
HAURAKI GOLD REGION



KEY TO IMAGES

- Historic gold occurrences
- Glass Earth prospecting permit
- Glass Earth exploration permit

1. *Waihi pump house built in 1904 to house the huge Cornish pump required to dewater the Martha Mine.*
2. *Newmont Mining's Martha gold/silver mine, Waihi.*
3. *Glass Earth's 3D model of Martha mine, developed to "fingerprint" the type deposit to enable Glass Earth to target similar fingerprints within its geophysics database.*
4. *Perspective view of the airborne magnetics at Waihi, with the Martha mine 3D model clearly depicted in the centre of large blue magnetic low anomaly.*
5. *Magnetic anomaly map of the Hauraki Region showing 4 other blue magnetic low anomalies similar to the Martha mine, located within Glass Earth permits.*
6. *Glass Earth's Wharekirauponga (WKP) target, which has very similar magnetic signature, in terms of size and intensity, to the Martha mine.*



Glass Earth holds the Waihi West exploration permit adjacent to the Martha mine. Exploration is being undertaken by Glass Earth's joint venture partner and mine operator, Newmont, in order to determine the strike extensions of the gold vein systems, which are interpreted as extending into Glass Earth's permit.

Following the successful Data Collation/Interrogation Project (Stages 1 and 2), 127 targets were determined in the targeting and ranking process, some of which were not in Glass Earth's permit holdings at the time. Glass Earth moved strategically to acquire these target areas. The acquisition of HPD New Zealand Limited added 15 of these targets to Glass Earth's permit holdings, including several advanced epithermal gold targets in the Hauraki region.

This includes Wharekirauponga (WKP), where exploration in the late 1980's and early 1990's identified an extensive altered and gold mineralised system with several ore grade intersections including:

DDH4 : 150m @ 0.93g/t Au including 17.7m @ 4.0 g/t Au.

DDH8 : 17.1 m @ 3.87 g/t Au.

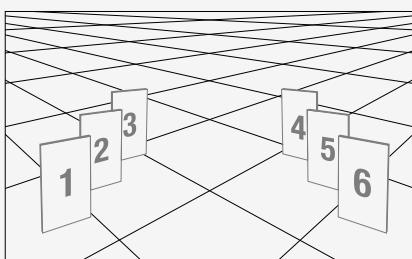
DDH14 : 32m @ 1.45 g/t Au.

The WKP epithermal system has magnetic/alteration characteristics similar to the Martha mine, and has open-along-strike potential for several kilometres (southward towards the 0.65 million ounce yielding Golden Cross mine).

Other high ranking targets including Hikutaia, Glamorgan, Rahu, and Maratoto also have exploration activities planned.



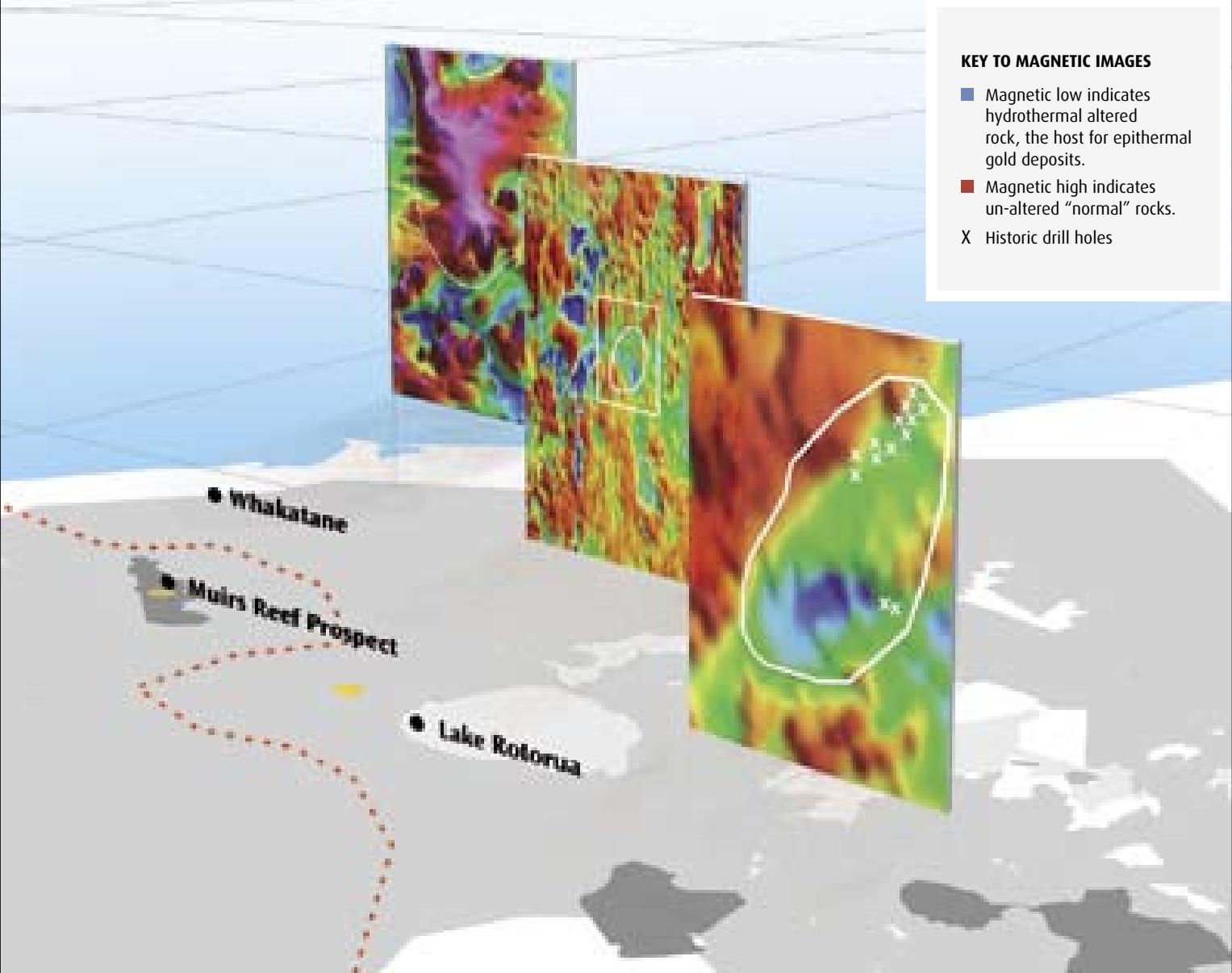
MAMAKU-MUIRS GOLD REGION



KEY TO IMAGES

- Historic gold occurrences
- Glass Earth prospecting permit
- Glass Earth exploration permit
- - - Extension of prospective volcanic rocks from Coromandel into the Mamaku region.

1. Ore hopper from the historic Sylvia mine in the Mamaku-Muirs Gold Region.
2. Glass Earth ultra-detailed airborne magnetics and radiometric survey in progress.
3. Drilling at the Muirs prospect in 1985.
4. Image of magnetics showing the extension of prospective volcanic rocks from Hauraki Region extending into the Mamaku-Muirs region.
5. Closer view of the Mamaku-Muirs Region magnetics with 7 blue magnetic low targets within Glass Earth permits.
6. Close up of the Muirs target, with historic drilling sites located (X) just north of the intense blue magnetic signature of altered rock, indicating the potential extension of Muirs gold vein system southward.



Glass Earth has completed 38,000 line kilometres of airborne magnetic and radiometric surveys over the Mamaku-Muirs/Central Volcanic Regions, identifying a cluster of low magnetic zones, coincident with known mineralisation (Muirs) or recorded mineralised boulders.

In the Mamaku-Muirs Region, Glass Earth considers 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 Martha mine and Hauraki Goldfield and is considered extremely prospective. This newly identified extension is on 100% Glass Earth owned permits. Within the Mamaku-Muirs Region Glass Earth has identified 14 new geophysical targets and has acquired the Muirs Reef prospect.

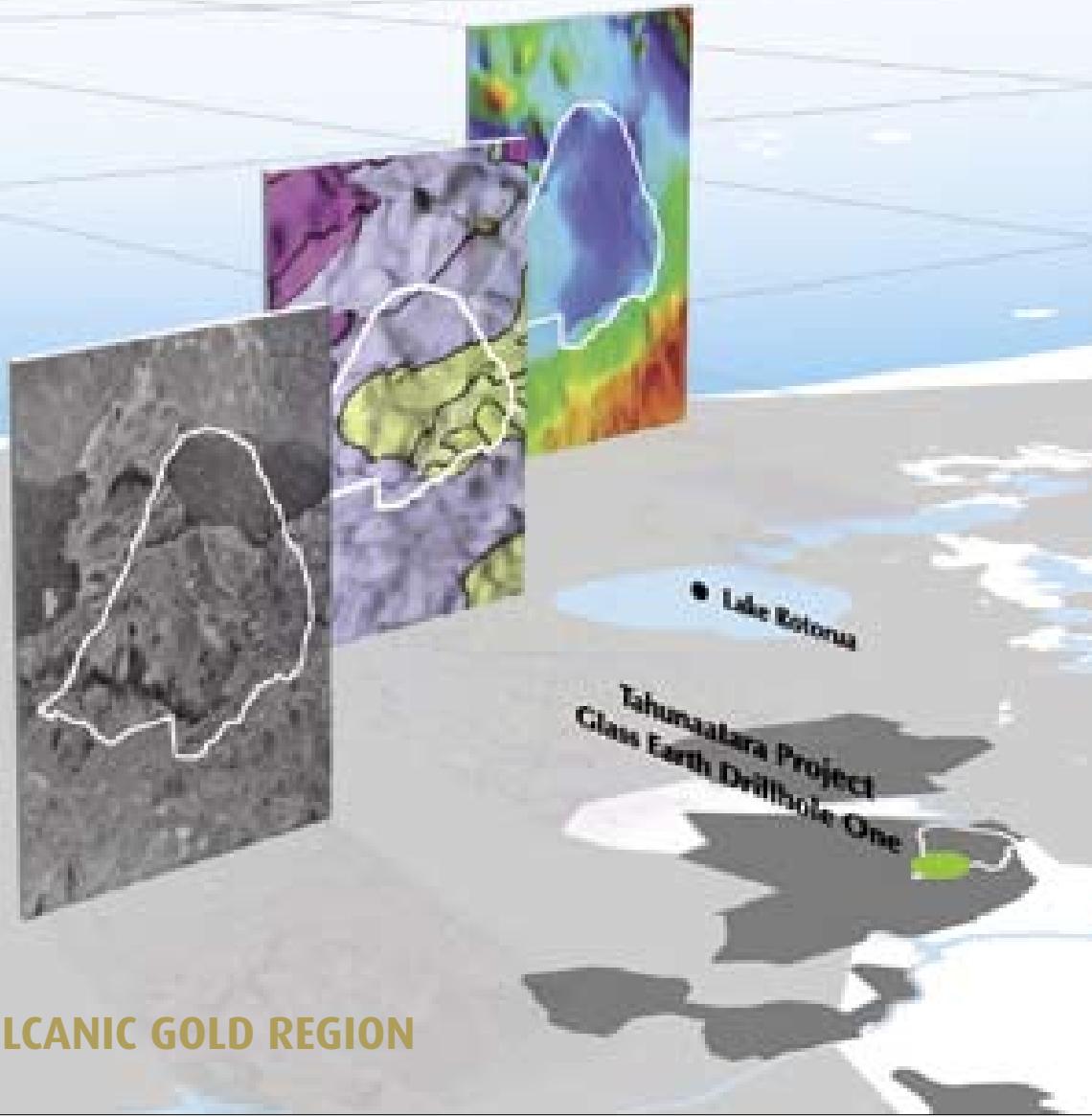
The historic Muirs Reef mine yielded 42,000 ounces of gold from 64,000 tonnes of ore in a quartz reef epithermal system¹⁵. The vein system is over 2 kilometres in strike and has an alteration system over one kilometre wide. At the surface, Muirs Reef

shows some broad zones of significant mineralisation, averaging 4.9g/t Au over a 20m width across an old open cut and adjacent shallow adits. Drilling in the 1990s recorded: RC24 - 42m @ 1.3 g/t Au and RC39 - 8m at 3.4 g/t Au.

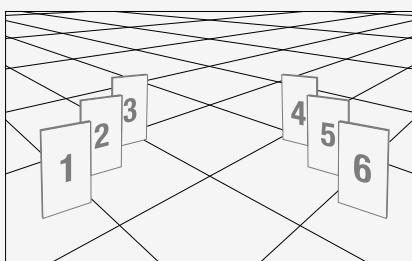
The extensive alteration zone indicated by the magnetic low has similarities in size and intensity to the Martha magnetic fingerprint and indicates significant potential extensions to the known mineralisation at depth to the south. Even the quartz veins exposed in the open cut are visually indistinguishable from Martha quartz veins. Glass Earth plans extensive surface resistivity surveys complimented with geochemistry and drilling in the next 2 years to further test this known epithermal system, which has been covered.

¹⁵ Tocker, L. 1999: Te Puke project PP39-153 – Mining & Exploration History Welcome Gold Mines Limited (MR3656)





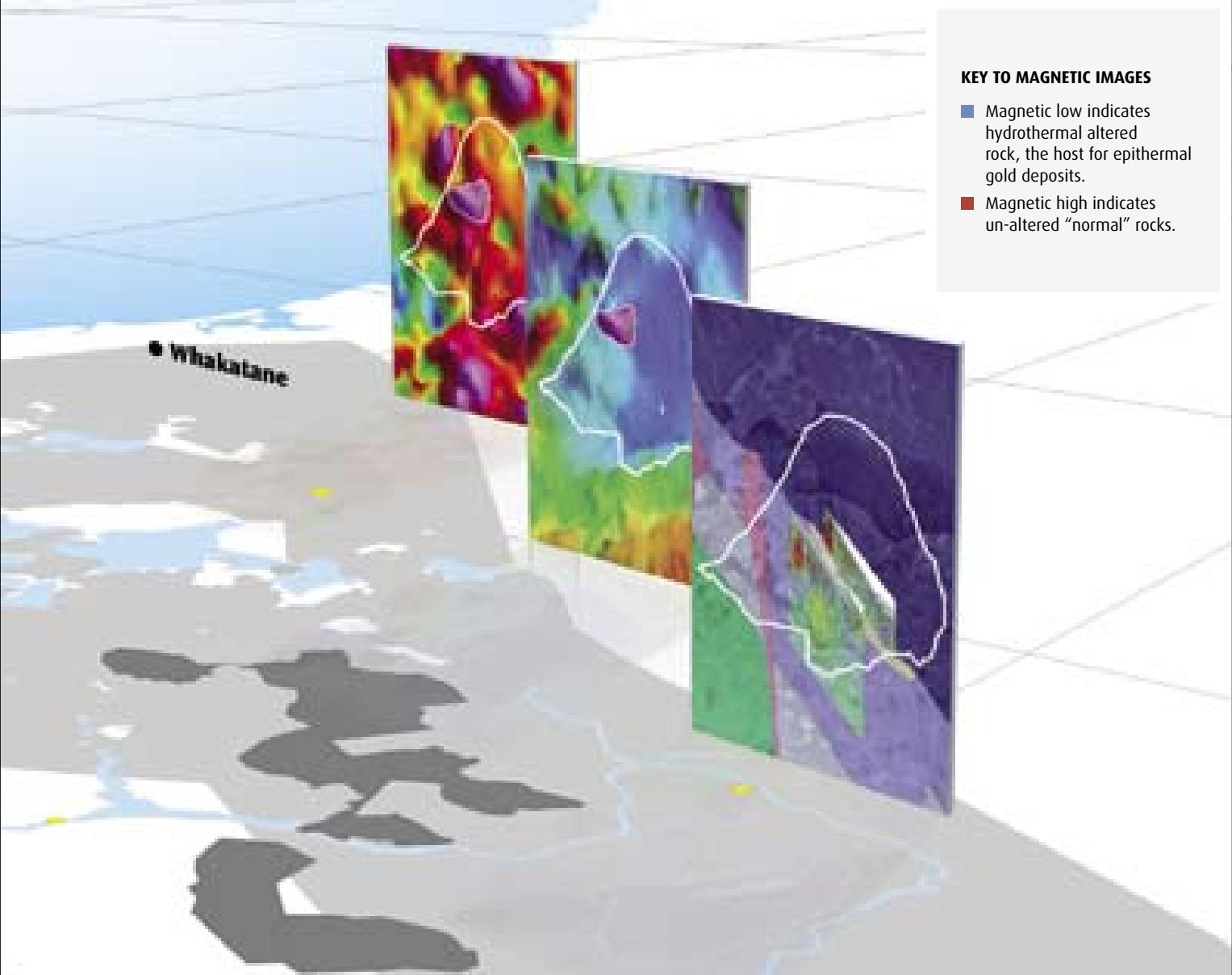
CENTRAL VOLCANIC GOLD REGION



KEY TO IMAGES

- Historic gold occurrences
- Glass Earth prospecting permit
- Glass Earth exploration permit
- Glass Earth Drill Hole One

1. Topographic image of Glass Earth's Tahunaatara project outlined in white.
2. Detailed geological map of Tahunaatara with recent volcanic deposits in yellow blanketing and effectively hiding the mineralisation from conventional exploration.
3. Magnetic image showing intense blue anomaly indicating hydrothermal alteration at Tahunaatara.
4. Gravity image from Tahunaatara with purple "bulls-eye" high which indicates increased density in the rock often associated with silica and quartz veining in epithermal deposits.
5. Combined gravity and magnetics image with gravity bulls-eye in the intense blue magnetic low.
6. Ground based electrical resistivity survey shows resistive rocks (red) indicators of silicification and quartz veining projected below the airborne magnetic image and geological section.



Epithermal gold mineralisation and active geothermal systems coexist in this area. The Waiotapu geothermal pools are actively depositing gold at ore grade (16g/t Au) as gold arsenic and antimony compounds in silica, seen as the red orange residue in the photograph. Although this area is a reserve and outside Glass Earth Permits, it highlights the gold potential of the region.

The epithermal gold potential of the Central Volcanic Region was highlighted by the discovery of gold precipitates in pipes at the Wairakei geothermal power station in the 1960's. A mass

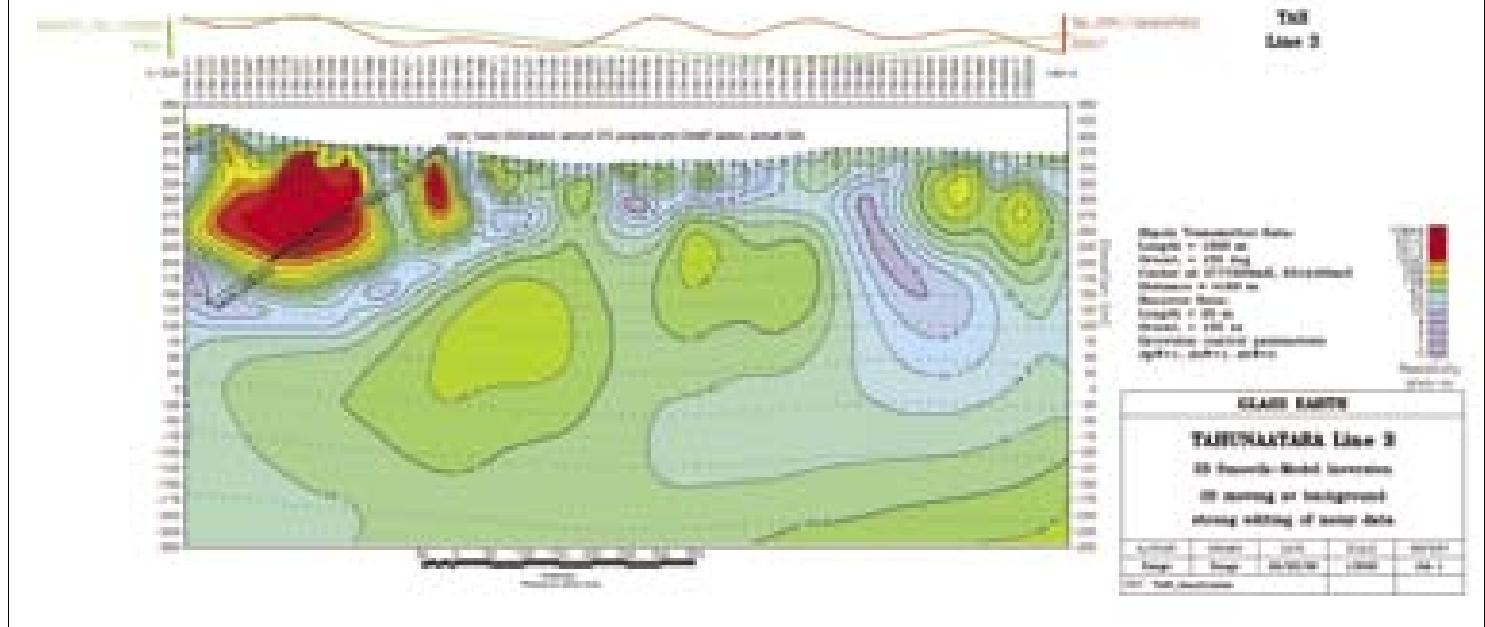
of geothermal power exploration and research data generated by the NZ Government between 1950 and 1980 has been intelligently integrated into Glass Earth's targeting process, greatly adding to its effectiveness. Where blankets of volcanic ash had hindered previous gold explorers, Glass Earth has used high definition airborne geophysics to penetrate the ash cover.

The combined legacy data and new airborne surveys enabled Glass Earth to define 74 epithermal gold targets in the Central Volcanic Region. The 22 highest priority targets were selected for ground follow-up exploration to assist in prioritising targets for initial drilling. These targets all exhibited structural, tectonic, alteration, and stratigraphic criteria that indicate they have the potential to host a major epithermal gold deposit.

Verifying Glass Earth's technology and targeting process, its first drill hole, at Tahunaatara, has intersected a new epithermal gold system.

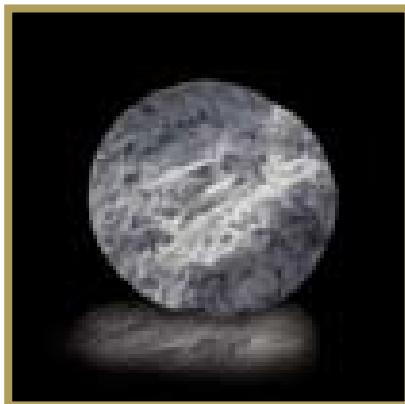


DRILL SECTION ON TAHUNAATARA CSAMT RESISTIVITY SURVEY



DRILLING IN THE CENTRAL VOLCANIC REGION

Glass Earth began its first drill programme in the Central Volcanic Region in early May 2006 and discovered a new large epithermal gold system.



Based on the new higher resolution datasets, 21 of the original 106 targets in the Stage 2 Target Bank were prioritised 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 the first scout 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 programme. The drill hole intersected a significant 70m wide zone of intense hydrothermal alteration and silicification with anomalous gold and silver mineralization. The hole ended at 357.2m in intense alteration.

This is indicative of a large epithermal gold system and Glass Earth is planning

an intensive programme of more detailed resistivity surveys which will be followed by further drilling.

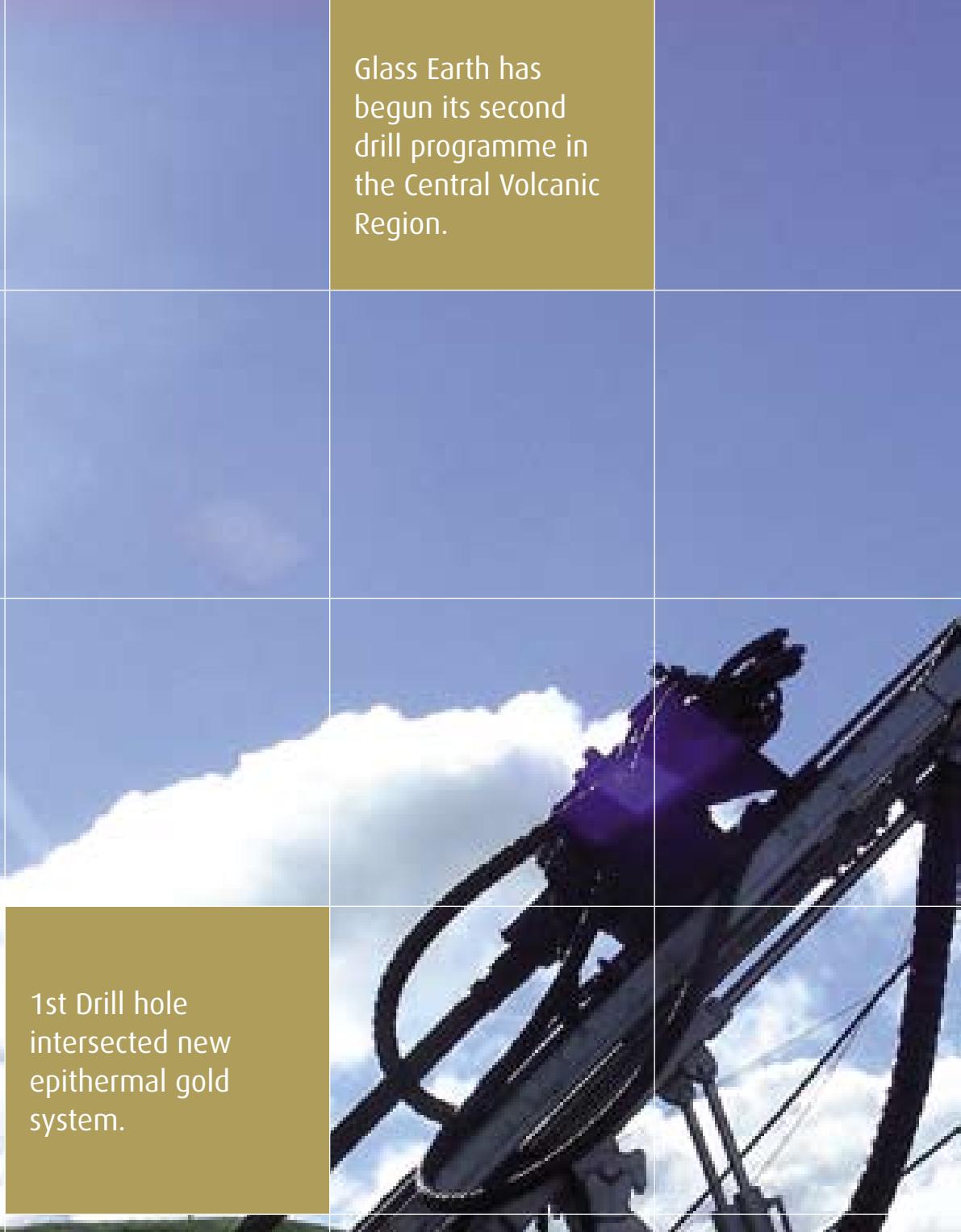
The anomalous gold intersection was:

TAHDDH001

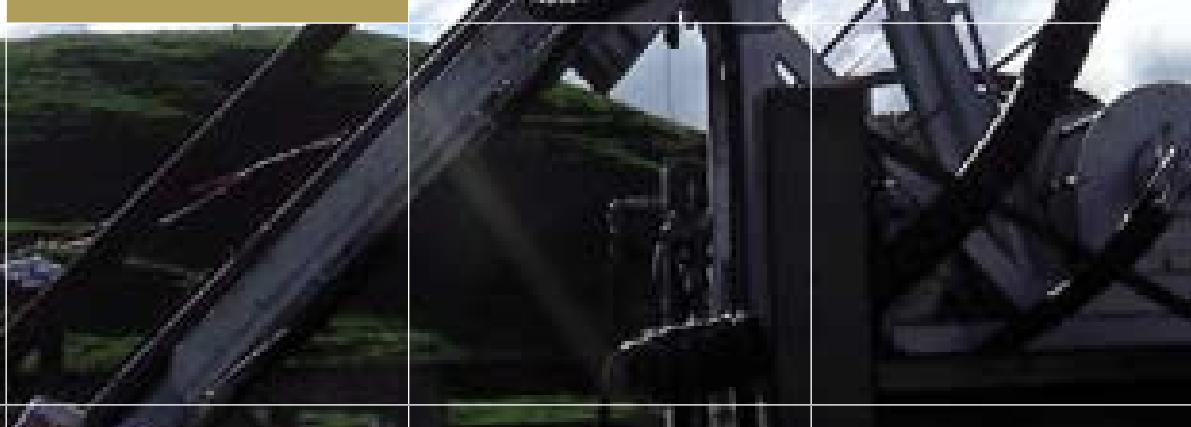
174-225m: 51m 0.1 g/t Au , 1.7 g/t Ag

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 2.2km x 0.7km dimension). It also offers encouragement for the exploration process and for the other prioritised targets in the area.

In the interim, a second drill hole at a separate target (Humphrey's Road), commenced in August 2006.



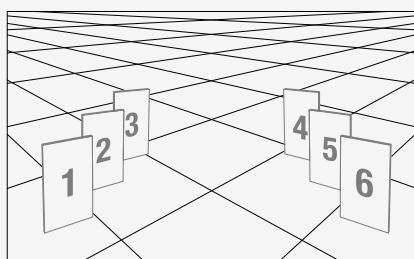
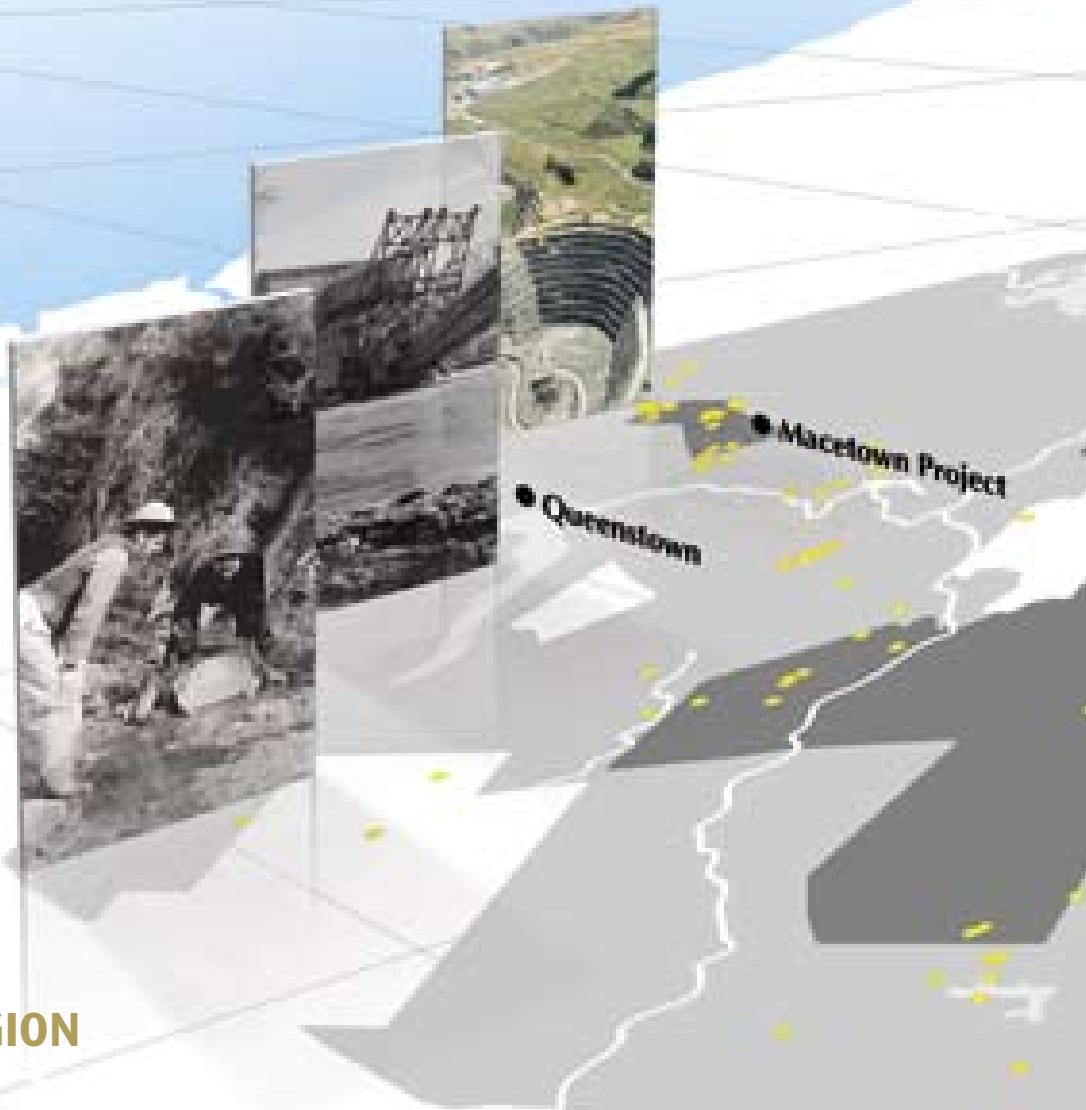
Glass Earth has begun its second drill programme in the Central Volcanic Region.



1st Drill hole intersected new epithermal gold system.



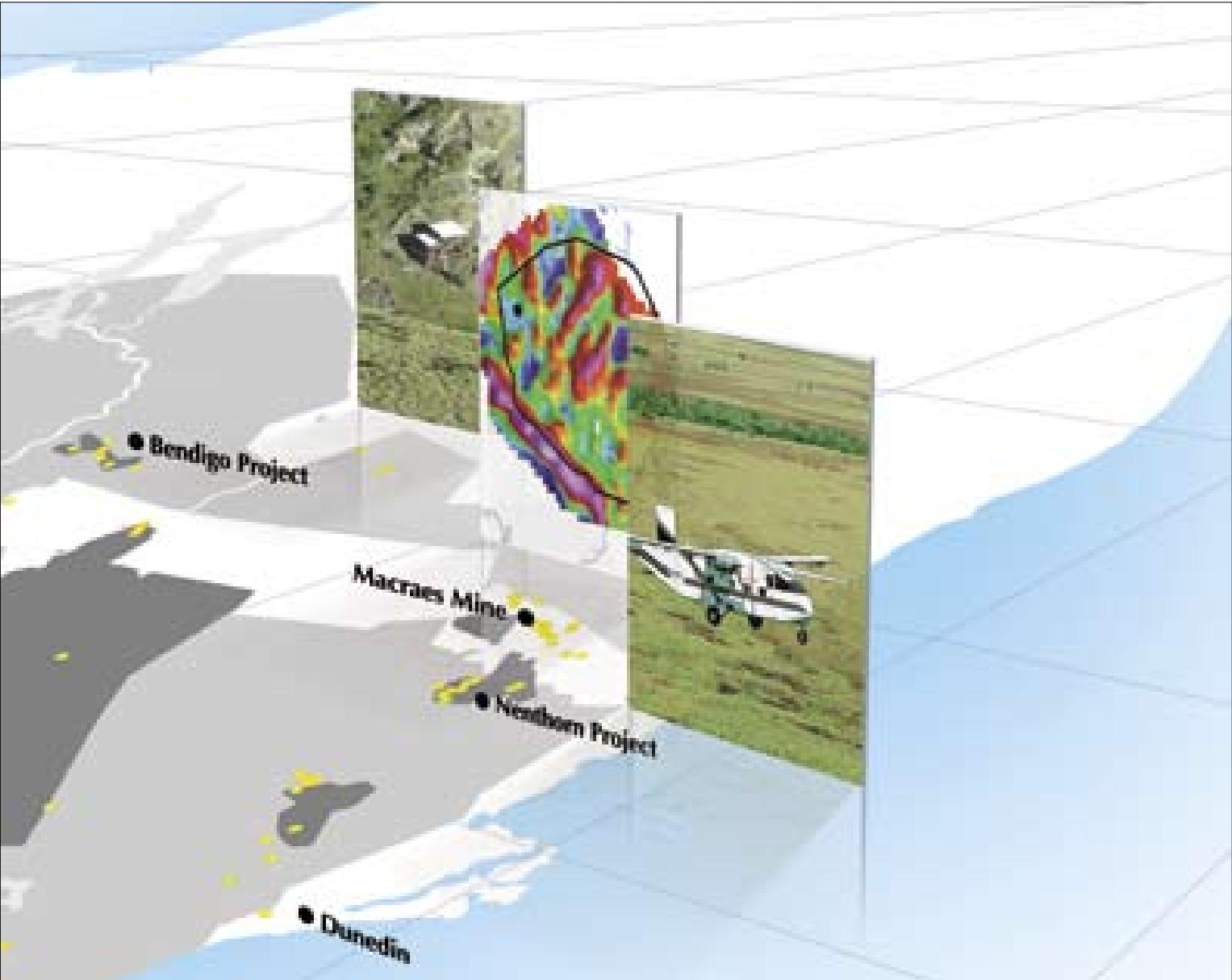
OTAGO GOLD REGION



KEY TO IMAGES

- Historic gold occurrences
- Glass Earth prospecting and exploration permits application
- Glass Earth exploration permits

1. Early explorers in the Otago goldfield (1894).
2. Lowburn dredge operated in the upper Clutha river between 1941 and 1952 producing 92,000oz Au.
3. Oceana Gold's Macraes 6.7m oz gold mine in East Otago.
4. Glass Earth's Macetown prospect is the last major historic hard rock gold mining area in Otago yet to be drilled (historic production +50,000 oz Au)
5. Low resolution ground based gravity image of Otago, obtained from public sources and processed by Glass Earth.
6. The Tempest, built through a co-operative of CSIRO (An Australian Government Science Body), Universities and the Minerals Industry in Australia. Glass Earth proposes to bring ultra-detailed regional scale airborne geophysics to Otago for the first time.



The Macraes gold mine, as well as the 8 million ounces of alluvial gold recovered, attest to the capacity of the Otago region to host significant gold mineralisation.

Currently, there is no well understood generic mineralisation model for the Otago style gold mineralisation and even less understanding of the geophysical signatures associated with mesothermal gold deposits in the Otago region. Recognising this as an exploration opportunity, Glass Earth obtained the aerial geophysical survey data over the Macraes gold mine and reprocessed the data. In so doing, Glass Earth determined that the Macraes gold mine has a discernable geophysical signature.

This effectively opens up the entire Otago region for exploration of “covered” gold mineralisation. On this basis, Glass Earth has commenced its second Data Intervention project and applied for PP 39 322 in March 2006, substantially covering the whole of the Otago region not already subject to permits. Glass Earth proposes to bring ultra-detailed regional scale airborne geophysics to Otago for the first time.

Complementing Glass Earth’s Otago regional approach, the company has, through the purchase of HPD, acquired near drill ready targets in Otago. The main prospects held under exploration permits include Macetown, Nenthorn and Bendigo. Nenthorn, an area of historic hard rock mining, is located 20km from the Macraes gold mine and has several significant drill intercepts

from past exploration, yet remains under-explored (example RRC118: 3m @ 5.19 g/t Au).

Macetown is the only major historic hard rock mining area in Otago yet to be drilled. More than 50,000 oz of gold was produced between 1878 and 1914 from a 7km network of gold veins. Recently, Glass Earth conducted a short programme of channel sampling across the veins with very encouraging results, such as 6.5m @ 9.91 g/t Au from the Homeward Bound vein.

Glass Earth has the capability to bring its intelligent exploration approach to the Otago Region and to delineate new gold targets.

FORWARD WORK PROGRAMME

FUTURE PROGRAMME AND ESTIMATED BUDGET

Glass Earth's work programme focusses on the use of state of the art airborne geophysics technology, risk managed targeting and ranking to generate targets, followed by thorough on-ground geological and geochemical exploration and through to aggressive drilling programmes. With many advanced

targets ready for drilling, Glass Earth anticipates continued phases of drilling for its North Island prospects over the next two years. New targets are to be continuously advanced to drill-ready status and a programme of ultra-detailed airborne geophysics is planned for the next phase Data Intervention project in Otago.

Glass Earth's proposed budget for exploration is outlined in the table below. Funding can be directed to higher priority targets or to new projects, as exploration results dictate or as opportunities arise. The budget satisfies all mandatory work requirements related to Glass Earth's permits. In summary the budget assuming a \$10.0 million subscription comprises:

	TO YEAR END JUNE 2007	TO YEAR END JUNE 2008	TOTAL
Hauraki Region			
Geology/Resistivity/Drilling	850,000	1,500,000	2,350,000
Mamaku - Muirs Region			
Geology/Resistivity/Drilling	350,000	350,000	700,000
Central Volcanic Region			
Geology/Resistivity/Drilling	1,200,000	1,400,000	2,600,000
Otago Region			
Airborne Geophysics and Data Intervention	2,000,000	500,000	2,500,000
Total Exploration			8,150,000
Infrastructure Costs			
Permit rentals, corporate, infrastructure, administration and operating expenses (annual)	800,000	800,000	1,600,000
Total Budget NZ\$			9,750,000

TIMING

It is planned (subject to availability of contractors and seasonal conditions) that reconnaissance drilling in the Central Volcanic Region will continue through to September 2007. Drilling in the Hauraki Region will commence in the third quarter 2006 and in Mamaku-Muirs in the second quarter 2007. The airborne geophysics programme for Otago is planned (subject to granting of the permits) to commence in the first quarter 2007.

Glass Earth will progressively review the significance of results coming to hand, to optimise the allocation of funds to subsequent programmes and the relative rates of advancement of the various projects. Where appropriate, joint venture partners may be sought who would contribute to exploration efforts.

MINERAL PERMIT SCHEDULE

SCHEDULE OF PERMITS AND APPLICATIONS AS AT 24 AUGUST 2006

PERMIT NUMBER	PERMIT NAME	INTEREST HELD	AREA	EXPIRY DATE	COMPANY	NOTE
Hauraki Region						
PP 39 239	Hauraki	100%	439km ²	8 May 2006	HPD	1
EP 40 598	Maratoto	100%	5,482ha	21 May 2008	HPD	2
EP 40 684	Waitekauri	100%	2,712ha	Application	HPD	3
EP 40 717	Rahu	100%	7,958ha	2 Jul 2011	HPD	
EP 40 767	Waihi West	100%	280ha	20 Dec 2010	GENZL	4
EP 40 813	Glamorgan	100%	6,573ha	Application	HPD	5
EP 40 814	Hikutaia	100%	2,627ha	Application	HPD	5
EP 40 818	Coronation Hill	100%	204ha	Application	GENZL	6
Mamaku-Muirs Region						
EP 40 768	Muirs South	100%	1,563ha	15 Dec 2010	GENZL	
EP 40 667	Muirs	100%	595ha	3 Oct 2009	HPD	
Central Volcanic Region						
PP 39 241	CCVR	100%	8,815km ²	20 Oct 2007	GENZL	
EP 40 765	Wawa	100%	4,150ha	20 Dec 2010	GENZL	7
EP 40 766	Paeroa	100%	12,030ha	20 Dec 2010	GENZL	
EP 40 769	Horohoro	100%	6,826ha	15 Dec 2010	GENZL	7
EP 40 770	Atiamuri	100%	9,858ha	20 Dec 2010	GENZL	7
EP 40 830	Waipapa	100%	4,241ha	Application	GENZL	8
EP 40 831	Marora	100%	5,454ha	Application	GENZL	8
Otago Region						
PP 39 235	Macetown	100%	51km ²	21 Jan 2007	HPD	
PP 39 259	Garvie	100%	460 km ²	11 Sep 2007	HPD	
PP 39 261	Onslow	100%	1,075km ²	11 Sep 2007	HPD	
PP 39 285	Nicholsons	100%	1,050 km ²	8 Nov 2006	HPD	
PP 39 322	Otago	100%	20,550km ²	Application	GENZL	9
EP 40 593	Macetown	100%	4,639ha	21 Jan 2008	HPD	
EP 40 594	Nenthorn	100%	4,000ha	19 Dec 2007	HPD	
EP 40 682	Ophir	100%	1,240ha	13 Oct 2009	HPD	10
EP 40 702	Manorburn	100%	8,448ha	13 Oct 2009	HPD	
EP 40 710	Nenthorn North	100%	3,219ha	3 Oct 2009	HPD	
EP 40 739	Hindon	100%	8,026ha	19 May 2010	HPD	
EP 40 747	Lots Wife	100%	3,661ha	14 Jul 2010	HPD	
EP 40 748	Bendigo	100%	2,146ha	14 Jul 2010	HPD	
EP 40 771	Bendigo Rise & Shine	100%	458ha	2 Jul 2011	HPD	
Marlborough Region						
PP 39 237	Marlborough	100%	309km ²	29 Mar 2006	HPD	11
GENZL	Glass Earth New Zealand Limited					
HPD	HPD New Zealand Limited					

NOTES TO SCHEDULE OF PERMITS

- 1 Application for 1 year's extension of the term of the permit.
- 2 Application to extend the area of the permit over ground held under PP 39 239 applied for 5 May 2006.
- 3 Application in overlap with Newmont Waihi Gold Ltd.
- 4 Newmont earning an initial 60% interest in the permit for the expenditure of NZ\$1,500,000 within 36 months.
- 5 Applications subsequent to PP 39 239.
- 6 Application over competitor EP lodged 13 May 2006.
- 7 Application to extend permit over now expired PP 39 282 applied for 16 June 2006.
- 8 Applications made 16 June 2006.
- 9 Application made 16 March 2006.
- 10 EP 40 682 has been granted in overlap of a competitor EP 40 427.
- 11 Application for 1 year's extension of the term of the permit.



REGULATORY REGIME

MINERAL RIGHTS

Mineral Rights are administered under the Crown Minerals Act 1991. This applies to minerals owned by the Crown and includes all gold and silver. Three types of exclusive permits can be granted: prospecting, exploration and mining. The Minister of Energy is responsible for the Crown Minerals Act.

Prospecting Permits

The holder of a prospecting permit has the right to prospect for the specified minerals under the conditions stated in the permit.

Prospecting means any activity undertaken for the purpose of identifying land likely to contain exploitable minerals.

A prospecting permit can be granted initially for a period of up to two years. The duration of a prospecting permit can be further extended but for no longer than 4 years from the commencement date of the permit.

The application fee for a prospecting permit is \$1,125. The annual fee for a prospecting permit is currently \$2.25 per km².

Exploration Permits

The holder of an exploration permit has the right to explore and prospect for the specified minerals under the conditions stated in the permit.

Exploration means any activity undertaken for the purpose of identifying mineral deposits or occurrences and evaluating the feasibility of mining.

An exploration permit can be granted initially for a period of up to five years.

The duration of the exploration permit can be extended for the purposes of evaluating the feasibility of mining or appraising a discovery for a period considered necessary to undertake these purposes.

The duration of the exploration permit can be extended but at least one-half of the exploration permit area must be surrendered and the duration of the permit cannot exceed 10 years from the commencement date of the exploration permit.

The annual fee for an exploration permit is currently \$2.25 per ha. The annual fee for an exploration permit after an extension of duration is \$4.50 per ha.

Mining Permits

The holder of a mining permit has the right to mine and explore for the specified minerals under the conditions stated in the permit.

Mining means to take, win, or extract by whatever means.

A mining permit can be granted for up to 40 years. The duration of a mining permit is determined by resource size and proposed rate of mining.

The annual fee for a mining permit is currently \$11.25 per ha.

A mining permit is subject to a royalty regime as determined by the minerals programme.

ENVIRONMENTAL CONSENTS

Effects of activities on the environment are regulated through the Resource Management Act 1991. The purpose of this Act is to promote the sustainable management of natural and physical resources through assessment of effects.

Uses of land require resource consents granted by local authorities in accordance with their district and regional plans that they have developed through a public consultation process. Most exploration activities are described as a use of land. Applications for resource consents are made to the appropriate local authorities.

Exploration activities in some plans are predetermined as permitted which means they already comply with the plans and the resource consents are automatic and not publicly notified. Applications for activities which are not already permitted in the plans will be publicly notified as part of the resource consent determination process.

LAND ACCESS

Entry on to the land is not an automatic right upon the grant of a permit or obtaining resource consents. There is no arbitration process and the permit holder needs to negotiate directly with landowners and occupiers. There is an exception for minimum impact activity where only prior notification of 10 days is required – this does not apply to certain classes of land including land administered under the Conservation Act 1987. Minimum impact activity and classes of exempted land are listed in the Crown Minerals Act 1991.



SUMMARY OF THE OFFER

THE OFFER

This Offer provides New Zealand investors or pre-approved habitual investors with an opportunity to invest in a gold exploration company whose operations are based in New Zealand.

The funds raised by Glass Earth Limited (the Issuer) under this Offer, together with its ongoing strategy of funding drilling by offering participating interests in exploration permits to new parties, allows for the spreading of exploration risk and increases the amount of exploration undertaken.

Capitalised terms and technical terms are defined in the Glossary of terms on pages 71 to 73 of this Prospectus.

References in this Prospectus to "Glass Earth" are references to the Glass Earth group of companies and its business operations conducted through GENZL and HPD.

Glass Earth Limited is a TSX-V listed public company incorporated in British Columbia Canada and its operating subsidiaries are New Zealand incorporated companies.

BUSINESS STRATEGY

The discovery and development of major gold-silver mines in New Zealand.

Glass Earth (through its operating subsidiaries GENZL and HPD) has established the largest portfolio of gold prospecting and exploration permits in New Zealand comprising:

- Advanced gold prospects in the Hauraki Region;
- Early-stage gold prospects at Mamaku-Muirs Reef Region between Rotorua and Tauranga;
- Grass roots gold prospects in the Central Volcanic Region; and
- Other prospects at various stages of exploration in the mesothermal Otago Gold Region.

Glass Earth (through GENZL) has also applied for a large 20,550 sq km prospecting permit over Otago, which it believes has the potential for Macraes-style gold mineralisation. The company plans to carry out an integrated geological data base compilation and airborne geophysical survey programme similar to the one it carried out in the Coromandel/Central Volcanic Region, which identified many of the new targets now the subject of follow-up testing.

CREATION OF VALUE

Glass Earth's pipeline of prospects at different stages of exploration offers investors a balanced spread of quality exploration prospects.

SOURCE AND APPLICATION OF FUNDS

The Directors believe that the funds raised pursuant to this Offer Document will provide the Issuer with the necessary capital to meet its immediate stated objectives. It is proposed that the funds be expended over a period of approximately 2 years.

Each Prospecting and Exploration Permit has work obligations imposed as part of the conditions of being granted. These work obligations must be met in order to retain the permit. Results from exploration endeavours will dictate whether the Directors consider that further exploration is warranted or conversely that exploration on a permit should be discontinued and the permit relinquished.

Glass Earth considers that significant value can be created in the early stages of gold discovery and inferred resources definition, with partners being introduced to fund the further development of the deposit if deemed appropriate.

The Board presently intends to undertake exploration activities as follows:

	TO YEAR END JUNE 2007	TO YEAR END JUNE 2008	TOTAL
Hauraki Region			
Geology/Resistivity/Drilling	850,000	1,500,000	2,350,000
Mamaku – Muirs Region			
Geology/Resistivity/Drilling	350,000	350,000	700,000
Central Volcanic Region			
Geology/Resistivity/Drilling	1,200,000	1,400,000	2,600,000
Otago Region			
Airborne Geophysics and Data Intervention	2,000,000	500,000	2,500,000
Total Exploration			8,150,000
Infrastructure Costs			
Permit rentals, corporate, infrastructure, administration and operating expenses (annual)	800,000	800,000	1,600,000
Total Budget NZ\$			9,750,000

Additional exploration can also be funded by means of selling interests in Exploration Permits in return for the funding of exploration efforts on that permit ("farming-out"). To that end, the Group reserves its right to dilute its interest in any particular Exploration Permit by "farm out", such that its financial contribution to that exploration effort is reduced. Conversely it may choose to participate in other parties' exploration efforts and endeavours in addition to those listed here ("farming-in"). This process of "farming-in" and "farming-out" of permit interests is part of the normal course of business for gold explorers and for the Group.

While it is expected that the proceeds of the Offer will be applied in carrying out those plans, the nature of the industry is such that the Board's plans may alter due to changes in exploration results, or other opportunities arising, which will dictate the areas in which future expenditure of the Group is ultimately required or most effective.

Notwithstanding the Board's plans referred to above, the proceeds of the Offer may be applied towards any undertaking in which the Group may lawfully engage.

The final allocation of funds will depend upon the circumstances in which the business develops and operates, including, of course, the level of exploration success encountered.

FINANCIAL PROSPECTS

The operating subsidiaries of the Issuer (HPD and GENZL) have been operating in New Zealand since August and September 2002 respectively. The Group has had several capital injections during that time, both before and after the TSX Venture listing, as is typical of junior exploration companies. GENZL (and after the TSX Venture listing, the Group) has been successful at operating and sustaining the development of exploration activities.

Revenue and profitability for the Issuer and its subsidiaries is dependent on, among other things, success at

finding gold and other minerals, the ability of the Issuer and its subsidiaries to secure satisfactory commercial arrangements with its potential exploration and development partners, exploration contractors and operating in the current and future regulatory environment. In view of these factors and particularly with respect to the key issue of exploration success, the Directors consider that they are unable to provide potential investors with meaningful revenue or profit projections or forecasts.

SPECULATIVE INVESTMENT

Investors should be aware that an investment in Glass Earth Limited is speculative. There are industry and company-specific risks, which include technical, regulatory and competitive issues.

Investors who would not normally invest in a gold exploration company should consider carefully whether Glass Earth Limited is an appropriate investment for them, given the nature of the risks involved. This type of investment fits the "high-risk/high return" end of an investor's portfolio and investors are encouraged to seek professional advice from an appropriately qualified NZX advisor or other suitably qualified and experienced investment advisor. For a more detailed explanation of the risks associated with an investment in the Issuer, refer to the section entitled "What are my risks?" on pages 42 to 46 of this Offer Document.

KEY INFORMATION

Offer Description

The Offer is available in New Zealand only and is for the issue of 40,000,000 fully paid common shares ("Ordinary Shares") and 20,000,000 Options by the Issuer. Immediately following the issue of Shares and Options, each subscriber to the Offer will hold one Option for every two Shares issued to him or her under the Offer. The Shares and Options can subsequently be traded separately. Following the issue of the Shares, the

Issuer will have 129,902,633 Ordinary Shares on issue. The Issuer already has on issue 32,365,998 options, comprising 8,990,000 incentive stock options (fully vested) and 23,375,998 share purchase options. Following the issue of the Options (assuming the Offer is fully subscribed), the Issuer will have a total of 52,365,998 Options on issue.

Pricing

The Shares and Options are offered together at a subscription price of NZ\$0.25 for each Share (plus Options issued on the basis of one Option for every two Shares), with no separate consideration payable for the Options. If Options are exercised, the exercise price is NZ\$0.35 per Share.

Allocation of Shares

Up to 20,680,000 Shares, being 51.7% of the Shares in the Offer, have been reserved for firm allocation to clients of New Zealand Exchange Limited ("NZX") Participant Firms. If this right is exercised in full, there will be no public pool of Shares and Options available to investors. The remaining 19,320,000 Shares have been reserved for allocation to the Issuer's 48.3% shareholder, St Andrew Goldfields Ltd, as further described under the heading "New Zealand Only Offer" on the next page.

The Issuer reserves the right to refuse to accept any applications for Shares at its discretion and is not required to enter into any discussions with respect to its rationale for any such refusal. It also retains the right to terminate the Offer at any time prior to the Issuer allotting the Shares and Options pursuant to this Offer.

The NZX has authorised NZX Participant Firms to act in the Offer.

Allocation of Options

Each person to whom Shares are allotted pursuant to this Offer will also be allotted one Option for every two Shares.

The terms and conditions of issue of the Options are set out on page 70.

Allotment of Shares and Options

Allotment of Shares and Options will take place within 5 business days of the Closing Date.

How to Apply for Shares and Options

Applications to subscribe for the Shares and Options must be made on the Application Form contained in the back of this Offer Document, in strict accordance with the Application Instructions. Applications may be lodged with any NZX Participant Firm or the Organising NZX Participant in time to enable them to be mailed or delivered to reach the Issuer's share registrar, Computershare Investor Services Limited, no later than 5.00pm on 6 October 2006. Cheques must be payable to "Glass Earth Share Offer" and be crossed "Not Transferable". Cheques must be available for immediate banking. If an applicant's cheque is dishonoured, the Issuer may cancel the allotment of any Shares and Options allotted to that applicant, or exercise its rights to enforce the irrevocable offer by the applicant to subscribe for the Shares and Options.

Minimum Applications

Applications must be for a minimum of 10,000 Shares (and 5,000 Options) and thereafter in multiples of 1,000 Shares (and 500 Options).

Use of Offer Proceeds

The Offer proceeds (approximately NZ\$10,000,000 less issue expenses) will be used to fund Glass Earth's ongoing exploration, appraisal and development programme for gold and silver, in New Zealand and for general working capital. (For further details with regard to the Issuer's intended use of funds, refer to page 33 of this Offer Document, under the heading "Source and Application of Funds").

Listing

Application has been made to the NZX for permission to list the Shares and the Options of the Issuer on the NZAX as an Overseas Listed Issuer and all the requirements of the NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However, the NZX accepts no responsibility for any statement in this Offer Document. Following completion of allotment procedures, it is anticipated that the Shares and the Options will be quoted on the NZAX on or about 13 October 2006. The TSX-V is the Issuer's "Home Exchange" as defined in the NZX Listing Rules, and certain corporate constitutional matters usually governed according to NZX requirements will not be in effect in regard to the Issuer.

Although the Issuer's Ordinary Shares are listed on the TSX-V, the Shares, allotted under this Offer, will not be eligible for trading on the TSX-V for four months after allotment. After four months from allotment the Shares, and any Ordinary Shares issued by the Issuer upon any exercise of the Options, will be eligible for trading on the TSX-V. The Options will not be listed on the TSX-V. Refer to page 68 for details of restrictions on transfer of the Shares to the TSX-V for four months from the date of allotment.

Continued listing of the Issuer's Ordinary Shares on the TSX-V is subject to the Issuer meeting and maintaining all the requirements of TSX-V relating thereto. Should the Ordinary Shares of the Issuer not be listed on the TSX-V for any reason, then the Shares may not continue to be listed on the NZAX, unless the Issuer takes steps to shift its Home Exchange to, and comply with all the listing rules of, the NZAX.

CUSIP® is the numbering system for securities instruments developed by the American Bankers Association through the Committee on Uniform Security Identification Procedures. A **CUSIP** number uniquely identifies a Canadian or American security issue and its issuer and is recognised world-wide

by organisations adhering to standards issued by the International Securities Organization (ISO). The **CUSIP** number for the Issuer's Ordinary Shares is 377133.

New Zealand Only Offer

This Offer Document is intended for use only in connection with the Offer in New Zealand and is not to be sent or given to any person outside New Zealand in any other jurisdiction in circumstances in which the Offer or use of the Offer Document would be unlawful. Notwithstanding the foregoing, 19,320,000 Shares and 9,660,000 Options (representing 48.3% of the Offer) have been reserved for allocation to St Andrew Goldfields Ltd. St Andrew Goldfields Ltd is a Canadian company and habitual investor, and has a 48.3% shareholding in the Issuer.

Under the British Columbia Securities Act, the Shares and Options, and any ordinary shares issued on the exercise of the Options, cannot be transferred to a Canadian resident for a period of four months after the date of allotment of the Shares and Options, and may bear a restricted period legend or be subject to a notation on the share register in relation to these restrictions. These restrictions will also apply in respect of the allocation of Shares and Options to St Andrew Goldfields Ltd.

In respect of the British Columbia Securities Act, the Issuer is relying upon an exemption from the requirement:

- (a) to provide subscribers with an Offer Document which conforms to British Columbia laws; and
- (b) to sell the Shares and Options through a person registered to sell securities under the British Columbia Securities Act.

If any person acquires Shares and Options pursuant to this exemption, certain protections, rights and remedies provided by the British Columbia Securities Act, including statutory rights of rescission or damages, will not be available to that person.

The Issuer has made the following arrangements to comply with these Canadian restrictions:

- The Issuer's share registry will be subject to a notation to prevent registration of transfers of Shares or Options to Canadian residents during the respective resale restriction period of 4 months;
- The Shares, and any Ordinary Shares issued on exercise of the Options, will not be allowed to be transferred ("shunted") to the TSX-V for trading until after the end of the Canadian resale restriction period of 4 months; and
- An Option holder wishing to exercise any Options during the 4 month Canadian "hold" period, must certify that the holder is not, and is not exercising the Options on behalf of, a Canadian resident.

Registration

A copy of this Offer Document signed by or on behalf of the Directors of the Issuer, was delivered to the Registrar of Companies for New Zealand on 11 September 2006 for registration under Section 42 of the Securities Act (together with the material contracts, described on pages 48 and 49, entered into prior to registration of the Offer Document, the audited financial accounts of Glass Earth Limited for the period to 31 May 2005, and the auditor's report for the interim financial statements to 28 February 2006, set out on page 66).

This Offer Document is a Prospectus for the purposes of the Securities Act, the Securities Regulations and the Securities Act (NZX-NZAX Market) Exemption Notice 2005 and is dated 11 September 2006.

Over-subscriptions

If there is a public pool, over-subscriptions will not be accepted. If the Offer is over-subscribed, applications will be scaled back at the discretion of the Issuer, taking into account the date upon which applications are received, the size of the applications, and other matters considered relevant by the Directors.

Application Funds and Interest

Funds received from an applicant for Shares and Options will be held on trust in a subscription account established by Computershare Investor Services Limited solely for the purpose of depositing the application funds until the corresponding Shares and Options are allotted, or the application funds are refunded.

Funds received in respect of applications which are declined in whole or in part will be refunded without interest as soon as practicable, and no later than ten business days after the Closing Date. The Issuer reserves the right to withdraw the Offer at any time, in which case all application funds will be refunded without interest within the time period referred to above. If the Ordinary Shares have not been quoted on the NZAX by 27 October 2006 all money received for subscription under the Offer will be refunded without interest no later than 3 November 2006. Interest earned on the application funds will be retained by the Issuer.

Minimum Subscriptions

The Issuer considers that the minimum amount required to be raised under offer in order to provide sufficient working capital for some or all of the projects referred to in this offer document is NZ\$4,830,000. This is the amount that St Andrew Goldfields Limited (which has a 48.3% shareholding in the Issuer as at the date of this Offer Document) has committed to subscribe for.

No Guarantee

No person or entity guarantees the current or future value of the Shares and/or Options offered in this Offer Document.

In particular, McDouall Stuart Securities Limited does not make, or purport to make, any statement that is included in this Offer Document, and there is no statement that is included in this Offer Document which is based on any statement by McDouall Stuart Securities Limited. In giving its consent to the inclusion of its name in this Offer Document, McDouall Stuart Securities Limited did not cause, or authorise the issue of, this Offer Document. To the maximum extent permitted by law, McDouall Stuart Securities Limited expressly disclaims, and takes no responsibility for, any part of this Offer Document.

Dividend Policy

The Issuer will not pay dividends in the foreseeable future as it is intended that the Issuer will use all available funds for operations and exploration programmes. This is a typical dividend policy for exploration stage mineral companies.



ANSWERS TO IMPORTANT QUESTIONS

The information in this section is provided in accordance with Securities Act (NZX-NZAX Market) Exemption Notice 2005

WHAT SORT OF INVESTMENT IS THIS?

Description of Securities

The Issuer is offering for subscription up to a maximum of 40,000,000 new ordinary shares at NZ\$0.25 per Share and a maximum of 20,000,000 options to purchase shares (issued on the basis of one Option for every two Shares), at no additional consideration. The terms of the new Shares and the terms of all Ordinary Shares issued on exercise of the Options will be identical to the terms of the existing Ordinary Shares at the date on which they are issued, and all such Shares will rank equally in all respects with the existing Ordinary Shares of the Issuer.

Each Share will confer on the holder the right to:

- attend and vote at a meeting of the Issuer (and cast one vote per share on any poll);
- an equal share with other Ordinary Shares in any distribution, including dividends, authorised by the Board in respect of the Ordinary Shares;
- an equal share with other Ordinary Shares in the distribution of surplus assets in any liquidation of the Issuer;
- on written request to be mailed certain financial and other information about the Issuer on a quarterly basis; and
- enjoy the other rights of a shareholder conferred by the British Columbia Act, the securities legislation of British Columbia and the Issuer's Constitution.

While the Issuer holds its Annual General Meeting in Canada, the Issuer will hold an annual briefing session for New Zealand based Shareholders.

A more detailed description of the rights attaching to the Shares is set out on pages 67 to 70.

Each Option will rank equally with all other Options on issue (except with regard to differing exercise prices and exercise dates) and will confer on the holder the right at any time during the period expiring at 5pm on 6 October 2008 (New Zealand time) to subscribe for one Ordinary Share at a subscription price of NZ\$0.35 and will confer certain legal rights typical for Option holders under applicable securities legislation.

Details of the terms and conditions applying to the Options are set out in the section entitled "Rights attaching to Options" on page 70.

Investors who would not normally invest in a gold exploration company should consider carefully whether Glass Earth

Limited is an appropriate investment for them, given the nature of the risks involved. This type of investment fits the "high-risk/high return" end of an investor's portfolio and investors are encouraged to seek professional advice from an appropriately qualified NZX advisor or other suitably qualified and experienced investment advisor. For a more detailed explanation of the risks associated with an investment in the Issuer, refer to the section entitled "What are my risks?" on pages 42 to 46 of this Offer Document.

Activities

The principal activity of the Issuer and its subsidiaries is the exploration for and mining of gold deposits in New Zealand. Further details on the activities of the Group are set out in the section of this Offer Document entitled "Investment Overview" on page 6.

Neither Glass Earth Limited nor any of its subsidiaries have any interest in, and are not in any way involved or associated with, the Australian Government's initiative called "the Glass Earth project" initiated by the Commonwealth Scientific and Industrial Research Organisation ("CSIRO") Mineral Exploration and Mining Sector Investment Portfolio Triennium 2000 – 2003.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

Issuer

The Issuer of the Shares and Options is Glass Earth Limited whose registered and records office is 17th Floor, 1750-1185 West Georgia Street, Vancouver, British Columbia, Canada V6E 4E6 and its head office is located at Suite 500, 357 Bay Street, Toronto, Ontario M5H 2T7, Canada.

The Issuer was incorporated in Canada on March 23, 1989 under the British Columbia Act, under the name "362293 B.C. Ltd.". On 30 August 1989, the Issuer changed its name to BC Report Magazine Ltd., and on 30 March 2005 the Issuer changed its name to Glass Earth Limited concurrently with the completion of the Reverse Takeover of the Issuer by Glass Earth (New Zealand) Limited pursuant to the Share Exchange Agreement.

The Issuer was registered in New Zealand as an overseas company under Part 18 of the Companies Act (under registered number 1819800) on 7 June 2006.

The public file relating to the registration of the Issuer as an overseas company is kept at the Companies Office, Business and Registries Branch, Ministry of Economic Development, Level 5, District Court Building, 3 Kingston Street, Auckland, New Zealand and is available for public inspection on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the website, a request for the documents can be made by contacting the Companies Office's contact centre at www.companies.govt.nz or by phone on 0508 266 726. A prescribed fee may be payable.

Directors

The name, address and technical or professional qualifications of each director of Glass Earth Limited are as follows:

- Glenn Laing BSc Eng. (Mining Geology), MSc (Mining Engineering): Suite 500, 357 Bay Street, Toronto, M5H 2T7, Ontario, Canada
- Simon Henderson MSc, M.AUSIMM: 41 Bell Rd, Gracefield, Lower Hutt New Zealand
- Peter Liddle BComm, C.A.: 31 Malvern Road, Mt Albert, Auckland New Zealand
- John Dow BSc Hons (Geology), Former Managing Director, Newmont Australia Limited, Director AusIMM, President Society of Economic Geologists, former Chairman of the Australian Gold Council and former Director of the Minerals Council of Australia: 190c Nile Street, Nelson New Zealand
- Richard Billingsley 11114 – 147A Street, Surrey, British Columbia, Canada

Glenn Laing holds the position of Chief Executive Officer of the Issuer.

Simon Henderson holds the position of Vice President, Exploration and Chief Operating Officer of the Issuer and its subsidiaries.

Peter Liddle holds the position of Vice President, Finance and Chief Financial Officer of the Issuer's subsidiaries.

Simon Henderson and Peter Liddle are employees of GENZL. Glenn Laing provides executive services to the Issuer on a part-time basis. John Dow and Richard Billingsley are non-executive directors and members of the Audit Committee.

None of the directors have been adjudged bankrupt.

Promoter

There are no promoters of the Offer.

Experts, Advisers and Securities Registrar

The names of the Issuer's auditors, securities registrar, and all sharebrokers, advisers and solicitors who have been involved in the preparation of this Offer Document are set out below:

Lead Manager and Organising NZX Participant Firm

McDouall Stuart Securities Limited
Level 6, Bayleys Building
28 Brandon Street
Wellington
New Zealand

New Zealand Auditor

Staples Rodway
9th Floor, Tower Centre
45 Queen Street
Auckland

New Zealand Legal Advisers to Issuer

Morrison Daly
Level 14, 45 Johnston Street
Wellington

Canadian Legal Advisers to Issuer

Salley Bowes Harwardt LLP
Suite 1750, 1185 West Georgia Street
Vancouver

New Zealand Share Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland

Canadian Share Registrar

Computershare Investor Services Inc
3rd Floor, 510 Burrard Street
Vancouver

SUBSIDIARIES AND SHAREHOLDERS

Subsidiaries

Listed below are the subsidiaries of the Issuer together with the details of the level of the Issuer's shareholding:

NAME OF SUBSIDIARY	PERCENTAGE OWNED
Glass Earth (New Zealand) Limited	100%
HPD New Zealand Limited	100%

The total tangible assets of each of Glass Earth (New Zealand) Limited and HPD New Zealand Limited exceed five percent of the amount of the total tangible assets of the Group.

Shareholders (89,902,633 shares on issue)

As at the date of this Offer Document the persons registered as the holders of the 10 largest holdings of equity securities in the Issuer and the number of equity securities held by them at the date were:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE OF TOTAL SHARES HELD
CDS & Co - NCI Account	31,675,766*	35.2%
St Andrew Goldfields Ltd**	12,665,000***	14.1%
GMP Securities LP – Tr St Andrew Goldfields Ltd	10,000,000***	11.1%
Royer & Co – RBC Global Services	8,640,432*	9.6%
Simon McDonald Henderson **	6,480,000	7.2%
Kroy Holdings Ltd	5,400,000***	6.0%
Ian Roderick Brown**	4,860,000	5.4%
Peter Liddle	3,240,000	3.6%
Silverbridge Capital Inc	3,018,000***	3.4%
Mineral Investments Ltd	1,500,000	1.7%

* These shareholders hold shares on behalf of numerous individual beneficial shareholders, each such shareholder being entitled to exercise their shareholding rights individually.



- ** These shareholders are Substantial Security Holders in the Issuer for the purposes of the Securities Markets Act 1988.
- *** St Andrew Goldfields Ltd has announced that it has acquired a total of 42,422,999 shares in the Company (48.3%). Transfers of additional shares are awaited from these shareholders and others once regulatory procedures have been finalised.

None of the Shareholders named above guarantees or undertakes any liability in respect of the Shares or Options being offered.

Option Holders

- a) Incentive Stock Options (8,990,000 on issue pursuant to a Stock Option Plan with details set out on page 49 under "Incentive Stock Options")

Expiry Date	22 Feb 2011	8 June 2011
Exercise Price	C15.0 cents	C15.5 cents
	NO. HELD	NO. HELD
Simon Henderson	2,500,000	1,000,000
Glenn Laing	1,250,000	490,000
Peter Liddle	1,250,000	500,000
John Dow	500,000	400,000
Richard Billingsley	250,000	350,000
Stephen Woodhead		500,000
TOTAL	5,750,000	3,240,000
		8,990,000

- b) Share Purchase Options (23,375,998 on issue, details set out on page 50)

OPTIONHOLDER	NUMBER OF OPTIONS	PERCENTAGE OF SHARE PURCHASE OPTIONS HELD
St Andrew Goldfields Ltd	13,835,832	59.2%
Royer & Co (CSFB)	3,750,000	16%
Investor Company	1,666,666	7.1%
Jayvee & Co	875,000	3.7%
Mineral Investments Ltd	750,000	3.2%
Royer & Co	625,000	2.7%
Munday-Maxwell & Gaylene Association	600,000	2.6%
Investor Company (5J5047 C)	250,000	1.1%
Michael Short	250,000	1.1%
Royer & Co (c/o RBC Global Services Institutional investor Services)	142,500	0.6%

None of the holders of Options or share purchase Options named above guarantees or undertakes any liability in respect of the Shares or Options being offered.

HOW MUCH DO I PAY?

The Issue Price is NZ\$0.25 for each Share (plus Options issued on the basis of one Option for every two Shares), payable by investors to the Issuer at the time of application. Applications must be for a minimum of 10,000 Shares (and 5,000 Options) and for any greater number in multiples of 1,000 Shares (and 500 Options). No separate consideration is payable for the Options which will be issued at the same time as the Shares.

If investors choose to exercise the Options, then the amount payable to the Issuer per share at the time of exercise of the Options is NZ\$0.35 per Ordinary Share which the investor elects to purchase. When exercising Options, the minimum parcel to be exercised is 2,500 Options unless the parcel being exercised represents the only Options held or the balance of the unexercised Options held.

HOW DO I APPLY?

Applications for Shares and Options must be made on the application form attached to this Offer Document. Cheques or bank drafts are to be made payable to "Glass Earth Share Offer" and crossed "Not Transferable" and drawn on a New Zealand bank. If an applicant's cheque is dishonoured, the Issuer may cancel the allotment of any Shares and Options allotted to that applicant. Applications may be sent to either Computershare Investor Services Limited (the Registrar) at the address listed below, or to any of the NZX Participant Firms or to McDouall Stuart Securities Limited, the Organising NZX Participant, in sufficient time to enable the forms to be forwarded to the Registrar by 5 pm on 6 October 2006. (Applications with a Firm Allocation from an NZX Participant Firm should return their application to the NZX Participant Firm through whom the Firm Allocation was obtained.)

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Private Bag 92119
Auckland 1020, New Zealand

Applications must be received by **5.00pm Friday 6 October 2006**, although in the interests of practicality the Directors reserve the right to accept applications where clearly the application forms were mailed or couriered before this time, or at their sole discretion in respect of any other reason for the late arrival of the application.

The Issuer may accept applications in whole or in part or reject applications at their discretion and without giving any reason. Applications will be processed (and cheques presented for payment where applications are accepted in whole or in part) on receipt. No interest will be paid on refunds. Any monies refunded will be refunded within 10 business days after the Closing Date. Applications are irrevocable and cannot be withdrawn or revoked.

WHAT ARE THE CHARGES?

There are no charges payable by investors other than the Issue Price of NZ\$0.25 for each Share (plus Options issued on the basis of one Option for every two Shares), payable on application, and NZ\$0.35 per Ordinary Share if investors choose to exercise the Options, payable at the time of exercise of the Options.

The Issuer will pay all costs and expenses associated with this Offer including the Lead Manager's fee, brokerage to approved NZX Participant Firms, share registry expenses, legal and other professional expenses, printing and postage and other general costs. These costs are estimated to be approximately NZ\$700,000 excluding GST and will be met directly from funds raised.

Brokerage payable by the Issuer to NZX Participant Firms in respect of Shares allotted in respect of accepted and valid Application Forms bearing their stamp will be:

- 4.0% of the Issue Price, where the Shares allotted relate to Application forms submitted under broker firm allocations;
- 2.5% of the Issue Price, where the Shares allotted relate to Applications submitted in respect of a public pool (if any); and
- Nil in respect of Shares and Options reserved for subscription by St. Andrew Goldfields Limited.

If you subsequently sell your Shares or Options, you may be liable for brokerage fees charged by the NZX Participant Firm that you instruct.

WHAT ARE THE DIRECTORS' AND PROMOTERS' INTERESTS?

Directors' Interests

The Issuer does not, and does not intend in the immediate future, to pay director's fees to its Directors. No Director of the Issuer is entitled to any remuneration from the Issuer or any of its subsidiaries, other than by way of reasonable travel expenses, and except as set out below:

NAME AND PRINCIPAL POSITION	ANNUAL SALARY	OTHER ANNUAL COMPENSATION	OPTIONS GRANTED
Simon Henderson VP Exploration, Chief Operating Officer	NZ\$192,000 ⁽²⁾	Vehicle Medical	⁽³⁾
Glenn Laing President and Chief Executive Officer	C\$30,000 ⁽¹⁾ (NZ\$42,000)	Nil	⁽³⁾
Peter Liddle Chief Financial Officer and Secretary	NZ\$150,000 ⁽²⁾	Vehicle Medical	⁽³⁾
John Dow Non-executive director	⁽⁴⁾	Nil	⁽³⁾
Richard Billingsley Non-executive director	C\$12,000	Nil	⁽³⁾

(1) Glenn Laing provides management services through a management company, Misape Management Inc.

(2) Messrs Henderson and Liddle are full time employees of GENZL, a 100% owned subsidiary of the Issuer.

(3) Incentive Stock Options to purchase Ordinary Shares in the Issuer were issued to the directors and officers of the Issuer in accordance with a Stock Option Plan, approved by the Issuer's shareholders in general meeting on 30 November 2005, authorising the Issuer's Board to issue options not exceeding in aggregate up to 10% of the Issuer's issued shares, from time to time, to eligible persons (directors, senior officers, employees etc). The options are exercisable for a period of five (5) years from issue. Further details of shares and incentive stock options currently held by Directors have been set out earlier on page 39.

(4) John Dow is remunerated at the rate of NZ\$1,500 per day (or part thereof) for duties undertaken in excess of those ordinarily expected of a non-executive director.

In accordance with the Issuer's Constitution and to the extent permitted by the British Columbia Act, the Issuer indemnifies its directors against liability to other parties (except to the Issuer or a related party to the Issuer) that may arise from their position as directors. The indemnity does not cover liabilities arising from criminal activities.

There are no provisions in the Constitution of, or in any contract or deed entered into by, the Issuer or any of its subsidiaries which relate to retirement benefits of directors or compensation payable to directors for loss of office.

Mr Henderson's employment contract provides that:

- a) Up to 24 months base salary compensation may be payable upon the occurrence of certain restructuring and change of control events or should his employment be terminated without just cause; and
- b) A success fee of 2% of the value of Glass Earth's retained equity in any mine/resource put into production (up to a maximum of NZ\$2 million per discovery) may be payable.

Mr Liddle's employment contract is similar but has compensation limited to 12 months and no success fee.

No material transactions (within the meaning of the Securities Regulations) have been entered into during the five years preceding the date of registration of this Offer Document, nor is it intended to enter into any such material transactions, as between the Issuer or any of its subsidiaries and:



- any Director or proposed Director of the Issuer or any director of any related company of the Issuer;
- any immediate relative of any Director or proposed Director of the Issuer or any director of any body corporate related to the Issuer; or
- any company more than half of whose share capital was or will be held, directly or indirectly, at the date of the transaction, by any Director or proposed Director of the Issuer or any director of any body corporate related to the Issuer or any immediate relative of any such Director or director;

except as described below:

- The Share Exchange Agreement between the Issuer, GENZL and all the shareholders in GENZL. Messrs Henderson and Liddle, as founding shareholders of GENZL, sold their GENZL shareholdings to the Issuer for the consideration of the Issuer issuing to them 6,480,000 and 3,240,000 fully paid shares, respectively. Messrs Henderson and Liddle had originally subscribed for their GENZL shares in December 2002 for NZ\$4,000 and NZ\$2,000 respectively. (For further details refer to page 48 under Material Contracts.)
- A Convertible Loan Agreement between GENZL, RAB Special Situations LP and Silverbridge Capital Ltd whereby temporary funding was provided in February 2005 and repaid in April 2005. No conversion of loans occurred. (For further details refer to page 49 under Material Contracts.)
- An Employment Contract between GENZL and Simon Henderson effective 1 April 2005, the key current terms of which are an annual salary of NZ\$192,000, a termination/redundancy provision equivalent to 24 months salary and a 2% success fee as described above.
- An Employment Contract between GENZL and Peter Liddle effective 15 May 2006, the key terms of which are an annual salary of NZ\$150,000 and a termination/redundancy provision equivalent to 12 months salary.
- Incentive Stock Option agreements as summarised at page 39.
- A Management Agreement entered into between the Issuer and Misape Management Inc. dated 1 January 2004 under which the Issuer currently pays Misape C\$2,500 per month (plus GST) for the executive services of Mr Laing.

Promoters' Interests

There is no promoter in respect of the Shares and Options being offered under this Offer Document.

WHAT RETURNS WILL I GET?

Shareholders will be entitled to receive or benefit from any dividends paid by the Issuer in respect of Ordinary Shares and to any other returns attaching to the Shares. However, the

Issuer will not pay dividends in the foreseeable future given that it is intended that the Issuer will use all available funds for operations and exploration programmes.

Shareholders may also benefit from any increase in the market price of their Shares and/or Options if they sell them. The market price of Shares and Options may also decline.

Nothing contained in this Offer Document should be construed as a promise of profitability or investment appreciation, and the Issuer can give no assurance about the potential for future dividends. Payment of dividends (if any) will depend on a number of factors, including those discussed under the heading "What are my risks?" which should be read in conjunction with the information in this section. The factors described in that section could reduce or eliminate the dividends or other returns or benefits intended to be derived from holding the Shares.

No Prospective Statement Cashflows

The Directors have formed the view that they are unable to provide a meaningful prospective statement of cashflows, for the principal reason that revenue and profitability for the Issuer and its subsidiaries is dependent on, among other things, success at finding gold and other minerals, the ability of the Issuer and its subsidiaries to secure satisfactory commercial arrangements with its potential joint venturers and exploration contractors and other satisfactory commercial arrangements as are necessary to enable explorations, as well as the current and future regulatory environment in which the Issuer and its subsidiaries operate. The Directors have provided a statement of source and application of funds which sets out the pathway of work to be undertaken in seeking gold deposits, which can be found on page 33 under the heading "Source and Application of Funds".

Tax Considerations

New Zealand taxes or Canadian taxes may affect the return to investors. In addition, in some cases, gains on the sale of Shares or Options may be taxable in New Zealand. Canada may impose a withholding tax on any dividends that may in the future be remitted to residents of New Zealand. The foregoing comments and the descriptions referred to are of a general nature only. They do not constitute legal or taxation advice. Persons considering investing in the Issuer should obtain professional taxation advice.

The New Zealand government is currently considering a change in legislation which will introduce a tax on capital gains on shares in overseas companies. While the specific details of this legislation are yet to be publicly released, investors should be aware that due to the uncertainty as to the exact wording of any such legislation, there is a risk that any capital gains on the Shares or Options issued under this Offer may be subject to tax.

Glass Earth Limited is the entity legally liable to pay any possible returns.

WHAT ARE MY RISKS?

The principal risk for investors in the Issuer is that they may be unable to recoup their original investment. This could occur for a number of reasons including:

- a material deterioration in the Issuer's financial condition as a consequence of unsuccessful exploration results or other causes;
- inability to fund future exploration programmes;
- the price at which investors are able to sell their Shares and Options is less than the Issue Price due to market volatility, lack of exploration success or for other reasons;
- there is a thinly traded or no market for the Shares and Options, or the market becomes illiquid; or
- the Issuer becomes insolvent and is placed in receivership or liquidation.

Other factors that could affect the Issuer's share price performance include:

- rises and falls in the returns that are expected from alternative investments including interest bearing securities and the shares of other listed companies;
- rises and falls in the actual or expected operational or financial performance of the Issuer;
- changes in the price of gold; or
- changes in the actual or perceived risk profile of the Issuer.

The future market price of the Shares or Options may be less than the price paid for them and returns on the Shares or Options may be less than anticipated. Some of the principal factors which may affect the Issuer's Share price performance are detailed in this section of the Offer Document.

There are a number of factors which may have a significant impact on the future performance of the Issuer. This Offer Document does not take account of the personal circumstances, financial position or investment requirements of any one investor in particular.

It is therefore imperative that before making any investment decisions, investors give consideration to the suitability of Glass Earth Limited in light of their investment needs, objectives and financial circumstances.

Applicants for Shares and Options should consider carefully the risk factors set out in this section, in addition to the other information in this Offer Document, before investing.

Risks Relating to the Gold Exploration and Mining Industry

Special trade factors and risks which could affect the operational and financial performance of the Issuer, and the return on the Shares and Options, are detailed below and should be read carefully.

Speculative Investment

The securities offered under this Offer Document should be regarded as speculative. Glass Earth operates in the gold and precious metal exploration, development and production industries, which have inherent risks which may have material effects on the Issuer's future performance and the value of its securities. Investors should consider whether the speculative securities offered by this Offer Document are a suitable investment having regard to their own individual investment objectives, financial circumstances, and the specific risk factors set out below. This list is not exhaustive and, if in any doubt, investors should consult their professional advisors before deciding whether to apply for Shares and Options pursuant to this Offer Document.

Industry Risks

Gold and precious metal exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration by the Issuer will result in new discoveries in commercial quantities. The Issuer is subject to normal industry risks due to the relatively small size of the Issuer and the Group, its low level of cash flow and lack of earnings to date, and the nature of the Issuer's involvement in the exploration for, and the acquisition, development and production of gold and other mineral resources. Gold and mineral exploration involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

The Issuer is also subject to compliance with laws and regulations controlling the discharge of materials into the environment or otherwise relating to the protection of the environment. The Issuer is not aware of any present material liability related to environmental matters.

The operations and earnings of the Issuer will also be affected by local, regional and global events or conditions that affect supply and demand for gold. These events or conditions are generally not predictable and include, among other things, the development of new supply sources, international political events and technological advances.

The long-term commercial success of the Issuer depends on its ability to find, acquire, develop and commercially produce gold. No assurance can be given that the Issuer will be able to locate satisfactory properties for acquisition or participation. Moreover, if such properties are identified, the Issuer may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

There is no assurance that commercial quantities of gold will be discovered. Geological conditions are variable and of limited predictability. Even if production is commenced from a mine, production will inevitably cease from that mine at some stage.

The Issuer's revenues, operating results, profitability, future rate of growth and the carrying value of its gold properties

depend heavily on prevailing market prices for gold. World prices for gold and precious metals have fluctuated widely in recent years. Management of the Issuer expects the markets for gold to continue to be volatile. Any substantial or extended decline in the price of gold could have a material adverse effect on the Issuer's financial condition and results of operations. It could reduce the Issuer's future cash flows as well as the value of any gold reserves. Various factors beyond the Issuer's control will affect prices of gold, including worldwide and Australasian supplies of gold, market forces, political instability or armed conflict in gold producing regions and worldwide economic conditions.

Competition

The Issuer encounters strong competition from other independent operators and from major mineral companies in acquiring prospects suitable for development. Some of these competitors have financial and human resources substantially larger than those available to the Issuer. Counterbalancing this, however, these same competitors are also potential joint venture participants with the Issuer.

Environmental Risks

All phases of the natural resource business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with operations. Legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. The discharge of tailings or other pollutants into the air, soil or water may give rise to liabilities to governmental authorities and third parties and may require the Issuer to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Issuer's financial condition, results of operations or prospects.

Companies engaged in the exploration and development of mineral properties generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. The Issuer believes it is in substantial compliance with all material laws and regulations which currently apply to its activities.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring

capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in natural resource exploration and development activities may be required to compensate those suffering loss or damage by reason of its activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of natural resource companies, or more stringent implementation thereof, could have a material adverse impact on the Issuer and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

Currency Fluctuations

The Issuer incurs expenses primarily in New Zealand, but also in Canada. The Issuer has to date received its funding in Canadian currency. Changes in relative exchange rates can have both a positive and negative impact on the Issuer's financial position and performance.

The Issuer does not currently hedge its exposure to currency rate changes, although it may choose to selectively hedge exposure to foreign currency exchange rate risk. The Issuer has no policies relating to the foregoing.

Title to Properties

The titles to the Group's prospecting and exploration permits have been reviewed as part of the due diligence process associated with this Offer, however no assurances can be given that there are no title defects affecting such properties.

Joint Venture Operating Agreements

The Issuer is a party, and will become a party, to joint venture operating agreements for the permits in which it has acquired or will acquire participatory interests. Under these agreements, the Issuer might be voted into programmes and budgets which it does not necessarily agree with or have the cash resources to fund. It may also be required to contribute to any increases in capital expenditure requirements and/or operating costs. Furthermore, the situation could arise where any or all of the joint venture parties are unable to fund their pro rata contributions to expenditure, in which case the Issuer may have to make increased contributions to the programme.

Where it is not the operator, the Issuer will be dependent to a degree on the efficient and effective management of other companies as operators. The joint venture parties may not always agree on objectives and strategies.

The Issuer will be required under joint operating agreements to pay its percentage interest share of all costs and liabilities incurred in connection with joint venture activities. In common with other joint venture parties, if the Issuer fails to pay its share of any costs and liabilities, it may be deemed to have

withdrawn from the joint venture and may have to transfer its interest in the exploration or other permits and the joint venture operating agreements to the other joint venture participants, which, depending on the terms of the relevant joint venture operating agreement, may be for no consideration.

The financial failure by any participant in, or contractor to, a joint venture to which the Issuer is a party may have a significant and adverse impact on the Issuer.

Mining Permits

In order for development and production to commence in relation to any gold deposit, it is necessary for a mining permit to be granted by the Crown Minerals Group, a division of the Ministry of Economic Development. The Issuer can give no assurance that appropriate permits will be obtained.

Access

The Issuer, in order to conduct its exploration programmes, may require approval from landowners, government and non-government bodies to facilitate access to blocks and tenements in which it has an interest. The Issuer can give no assurance that necessary access on reasonable terms will be able to be obtained.

Share Market

Share market conditions may affect the value of the Shares and Options, regardless of the Issuer's operating performance. Share market conditions are affected by many factors including but not limited to:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- gold price fluctuation;
- changes in investor sentiment towards particular market sectors;
- the demand for, and supply of, capital; and
- war, terrorism or other hostilities.

Key Personnel

The Issuer will continue to rely on the skills and capabilities of its key personnel. Should the Issuer lose the services of these key individuals, this could have an adverse effect on its future performance.

Economic Factors

Factors such as inflation, currency fluctuation, interest rates and the availability of capital, supply and demand and industrial disruption could impact on operating costs, commodity prices, the Issuer's future possible profitability and the market price of its quoted securities. These factors may be beyond the control of the Issuer.

Financing

In order to maintain the Issuer's interests in its permits, the Issuer may either have to raise additional capital through the issue of Ordinary Shares or other securities, or enter into agreements with third parties to fund permit obligations. There is no assurance that market conditions will continue to permit the Issuer to raise funds if required, or that the Issuer will be able to enter into agreements with third parties to fund permit obligations. If the Issuer is unable to fund the obligations by share issues or farm-out agreements, the Issuer may be unable to carry out its plan of operations and may be forced to abandon some of its permit interests.

Changes in Tax

Any change in the current rate of company income tax or the law relating to carrying forward tax losses will impact on the Issuer's returns. Any change to the current rates of income tax or the introduction of a capital gains tax applying to individuals and/or trusts similarly may impact on after tax shareholder returns.

Investors should be aware that the New Zealand government is currently considering a change in legislation which will introduce a tax on capital gains on shares in overseas companies. While the specific details of this legislation are yet to be publicly released, due to the uncertainty as to the exact wording of any such legislation, there is a risk that any capital gains on the Shares or Options issued under this Offer may be subject to tax.

Insurance

The Issuer's involvement in the exploration for and development of natural resource properties may result in the Issuer becoming subject to liability for certain risks, and in particular unexpected or unusual geological operating conditions, floods, earthquakes, pollution, property damage or other hazards. Although the Issuer has obtained insurance in accordance with industry standards to address such risks (and regularly monitors its insurance), such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risk may not in all circumstances be insurable or, in certain circumstances, the Issuer may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Issuer. The occurrence of a significant event that the Issuer is not fully insured against, or the insolvency of the insurer, could have a material adverse effect on the Issuer's financial position, results of operations or prospects.

Government Actions

The impact of actions by governments may affect the Issuer's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, taxation, monetary policies and royalties.



In New Zealand, where the Issuer conducts its exploration activities, there are statutory laws and regulations governing its activities. Changes in these laws and regulations may substantially increase the costs of conducting any exploration or development project.

The Issuer requires regulatory approvals for its operations. This may affect the timing and scope of the work to be undertaken.

Resource Management and Treaty of Waitangi issues

The activities of the Issuer may require access to, or impact on, land that is subject to resource management restrictions, claims under the Treaty of Waitangi, or be valued as a site with sacred, archaeological or historical or other significance which may restrict the Issuer undertaking its activities.

Litigation

The Issuer could be subject to claims against it, its assets and properties, or be subject to litigation which could dispute its rights to assets and property. In addition to the direct cost of litigation, including legal costs and management time, and the impact of any judgments against it, the Issuer could suffer contingent losses including those arising from lost opportunities and lost production.

Potential Volatility of Share Price

Following allotment of the Shares and Options the price of the Shares and Options will be their market price. The market price for Shares may be subject to significant fluctuations in response to the Group's operating results and other factors, and there can be no assurance that the market price of the Shares (or the Shares and Options together) will not decline below the initial selling price.

Forward-looking Statements

Certain statements in this Offer Document constitute forward-looking statements. Such forward-looking statements involve assumptions about known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, the Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, exploration outcomes, strategic relationships, new exploration initiatives, competition, the continued input of key personnel and many other economic and business factors, some of which may be beyond the control of the Issuer.

Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements in this Offer Document. In addition, under no circumstances does the inclusion of such forward-looking statements in this Offer Document constitute a representation or warranty by the Issuer or any other person with respect to the achievement of the results or matters set out in such statements or that the underlying assumptions used will in fact be the case.

Consequences of Insolvency

Investors will not have to pay any more in respect of the Shares than the initial application amount, or in respect of Options, the exercise price specified in the Option statement should the holder wish to exercise the option to acquire further shares. Investors will not be liable to pay money to any person as a result of any insolvency of the Issuer. All creditors of the Issuer will rank ahead of any claims on the assets of the Issuer made by the Shareholders and Option holders (were such Option holders to exercise their Options to purchase Shares), if the Issuer is liquidated. After payment of creditors, the claims of Shareholders will rank equally among themselves.

NZAX Listing

The securities offered in this Offer Document are intended to be listed on the NZX's NZAX market. The NZAX market differs from the NZSX market, also operated by NZX, in the following key respects:

- there are reduced criteria for listing on NZAX – there is no requirement for 25% of the securities of an NZAX issuer to be widely held and no minimum value requirement for NZAX listings as apply to NZSX listings. Whilst an NZSX issuer must have 500 shareholders, an NZAX issuer needs only 50 shareholders;
- an NZAX issuer requires an NZX sponsor in order to list on the NZAX market, whereas NZSX companies require an organising participant;
- greater flexibility is accorded by the NZAX Listing Rules to NZAX issuers seeking to raise capital, buy back securities, and undertake major transactions. The NZAX Listing Rules provide NZAX issuers with an option to undertake these activities, without seeking shareholder consent, by making an announcement to the market, which discloses fully the transaction prior to that transaction becoming final;
- the materiality threshold for related party transactions in the NZAX Listing Rules is higher than the threshold in the NZSX Listing Rules. This means that an NZAX issuer may enter into (proportionally) more substantial transactions with related parties before being required to seek shareholder approval for those transactions; and
- the corporate governance standards for NZAX issuers do not contain all the matters provided for in the corporate governance standards for NZSX issuers.

However, investors should also note that the Issuer, as an Overseas Listed Issuer, is not bound by all the listing rules that would apply if the Issuer's home exchange were the NZX. The Issuer is required to comply with the listing rules of its home exchange, the TSX-V, which may in some cases be more stringent than the rules applying to NZAX issuers.

CAN THE INVESTMENT BE ALTERED?

The full terms of the Offer and the terms and conditions on which investors may apply for Shares and Options are set out in this Offer Document. The Issuer may withdraw the Offer without notice but may only alter the terms after amending the Offer Document and filing details of the amendment with the Registrar of Companies for New Zealand. However, these terms applying to both the Shares and the Options cannot be altered without investors' consent once applications have been accepted by Glass Earth Limited.

The rights conferred on the holders of Shares are set out on pages 67 to 70 of this Offer Document.

The rights conferred on the holders of Options are set out on page 70 of this Offer Document.

HOW DO I CASH IN MY INVESTMENT?

Details about the application for permission to list the Shares and Options are set out in the section entitled "Summary of the Offer" on page 35 of this Offer Document.

Shareholders are free to sell their Shares and Options. If the NZX gives permission to list the Shares and Options then they will be quoted on NZAX and the Shares will be quoted on the TSX-V after 4 months from allotment of the Shares and can therefore be "cashed in" by selling them on the TSX-V or NZAX. However, the Shares and the Options cannot be transferred to a non - New Zealand resident for a holding period of 4 months from the date of allotment.

The Directors believe that there will be a market for the sale of the Shares and Options. However, none of the Directors, the Issuer, the NZX, the TSX-V nor any other party associated with the Offer can guarantee that such a market will exist, as this requires both buyers and sellers, and a matching of the price and quantity of Shares and Options, along with other market related factors, to create market activity, nor can they guarantee that listing on the NZAX will be granted.

Holders also have the right to transfer their Shares and Options in New Zealand in the normal way by execution of a form of transfer used by stockbrokers to transfer securities, or may sell their Shares or Options privately. Brokerage may be payable by holders on the sale or transfer of Shares or Options.

There is no right of the Issuer, a holder of Shares or Options, or any other person to terminate or cancel the Shares or Options. There is no obligation for a holder of an Option to exercise that Option.

British Columbia Securities Act – Restrictions on Share Acquisitions

The New Zealand Takeovers Code does not apply to the Issuer. However, the British Columbia Securities Act, as well as securities legislation in other Canadian jurisdictions, provides certain restrictions on the ability of a person (a "Control

Person") to acquire 20% or more of a listed company's outstanding shares or to materially add to an existing holding already in excess of 20% without providing certain mandated information to all shareholders and/or being required to make an offer to acquire the shareholdings of all shareholders on similar terms. A Control Person must also file a form at least 7 days before any sale of securities. In addition, a Control Person must file insider reports.

The British Columbia Securities Act provides an "early warning system" which requires persons who acquire 10% or more of a listed company's outstanding shares to issue and file a news release, file a report containing certain prescribed information and file insider reports.

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

For information about this investment, enquiries may be made to any of the NZX stockbroking firms or:

The Managing Director
McDouall Stuart Securities Limited
Level 6, Bayleys Tower
28 Brandon Street
Wellington
Phone 0800-577-777
Fax (04) 472-2719

or

The Chief Operating Officer
Glass Earth Ltd
Level 7, TeRenCo House
86-96 Victoria Street
Wellington
Phone (04) 903 4980
Fax (04) 903 4985

or

The Manager
Computershare Investor Services Limited
Level 2 159 Hurstmere Road
Takapuna, North Shore City
Phone (09) 488 8777
Fax (09) 488 8787

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Complaints about this Offer, the Shares or Options or the Issuer can be made to:

The Chief Operating Officer
Glass Earth Ltd
Level 7, TeRenCo House
86-96 Victoria Street
Wellington
Phone (04) 903 4980
Fax (04) 903 4985



or

The Manager
Computershare Investor Services Limited
Level 2 159 Hurstmere Road
Takapuna, North Shore City
Phone (09) 488 8777
Fax (09) 488 8787

or

New Zealand Exchange Ltd (NZX)
Level 2, NZX Centre
11 Cable Street
Wellington
Phone (04) 472 7599
Fax (04) 496 2893

There is no ombudsman to whom complaints about the securities can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Financial Information

You may obtain copies of:

- the financial statements of the Issuer for each of the Issuer's fiscal quarters and for the Issuer's full financial year ended 31 May 2005 being financial statements prepared in accordance with Canadian generally accepted accounting policies together with a copy of the audit report relating to those financial statements and the unaudited interim financial statements of the Issuer for the nine month period ended 28 February 2006; and
- the financial statements prepared by the Issuer prepared in accordance with Canadian generally accepted accounting policies for the five consecutive accounting periods before 31 May 2006

free of charge from the Issuer during normal business hours or from the Issuer's website www.glassearth.co.nz. These materials are also available on the Issuer's NZAX information portal, http://www.nzx.com/nzxmarket/nzax/nzax_ipos and at www.sedar.com.

Investors should note that the Issuer's financial statements have been prepared in accordance with Canadian generally accepted accounting policies for periods prior to the most recent accounting period. Refer to Note 14 to the 28 February 2006 financial statements for a summary of differences between Canadian and NZ GAAP.

Other Information

The Issuer must report its financial statements for the year ended 31 May 2006 to the Canadian securities regulators prior to 29 September 2006. These financial statements will be

available on www.sedar.com when lodged, and will also be available free of charge from the Issuer during normal business hours or from the Issuer's website www.glassearth.co.nz. These materials will also be available from the Issuer's NZAX information portal, http://www.nzx.com/nzxmarket/nzax/nzax_ipos and www.sedar.com.

Other information about the Shares and Options is contained in the sections of this Offer Document entitled "Rights attaching to Shares", and "Rights attaching to Options", and in the Issuer's financial statements. Copies of past financial statements are available free of charge from the Issuer, during normal business hours, or from www.glassearth.co.nz which is the Issuer's website. The materials are also available on Glass Earth's NZAX information portal, http://www.nzx.com/nzxmarket/nzax/nzax_ipos. Filings made by the Issuer pursuant to Canadian requirements may be viewed at www.sedar.com.

This Offer Document, the Issuer's Constitution, the audited financial statements of the Issuer, the unaudited interim financial statements in respect of the Issuer to 28 February 2006, the material contracts and other documents of, or relating to, the Issuer are available for public inspection by being filed on a public register at the Companies Office of the Ministry of Economic Development, Level 5, District Court Building, 3 Kingston Street, Auckland, New Zealand and may be accessed on the Companies Office website at www.companies.govt.nz.

Acquisition of a Business or Subsidiary

Glass Earth (New Zealand) Limited became a subsidiary of Glass Earth Limited on 31 March 2005, pursuant to the Share Exchange Agreement which effected the Reverse Takeover by Glass Earth (New Zealand) Limited of Glass Earth Limited (then known as BC Report Magazine Ltd.). The consideration paid by Glass Earth Limited for the shares in Glass Earth (New Zealand) Limited was the 36,000,720 Ordinary Shares in Glass Earth Limited, as more particularly described on page 48 under "Material Contracts".

The business activities of Glass Earth (New Zealand) Limited during the period from its incorporation on 27 September 2002 to the date of its acquisition by the Issuer are detailed on page 11.

Neither the Issuer nor its subsidiaries have any substantial fixed assets as it contracts out operations, such as surveying and drilling, to specialist companies. The principal fixed assets of the Issuer and its subsidiaries used in the conduct of its business are furniture and fittings, computer equipment and other general items of equipment.

HPD New Zealand Limited (HPD) became a subsidiary of the Issuer on 31 March 2006. The consideration paid by the Issuer for all the shares in HPD was satisfied by the issue of 12,665,000 fully paid Ordinary Shares in the Issuer and 6,332,500 share

purchase options. Further details relating to these options are set out on page 49 of this Offer Document under "Other Material Matters", under the heading "Stock Options".

The principal business activity of HPD is gold exploration under its prospecting permits and exploration permits in the Hauraki and Otago Gold Regions. Copies of the financial statements prepared by HPD in accordance with the Financial Reporting Act 1993 for its accounting periods since incorporation of the business are available, free of charge on request from the Issuer and are also available on Glass Earth's NZAX information portal, http://www.nzx.com/nzmarket/nzax/nzax_ipos and from Glass Earth's website, www.glassearth.co.nz.

Annual and Quarterly information

Shareholders will be sent annually a copy of the Issuer's annual report (including the Issuer's consolidated audited financial statements), notices of meetings of Shareholders and all other Shareholder communications. In addition, the Group's quarterly financial statements and Management Discussion & Analysis ("MD&A") are available on request or can be viewed on www.sedar.com, the Issuer's website, www.glassearth.co.nz, and on Glass Earth's NZAX information portal, http://www.nzx.com/nzmarket/nzax/nzax_ipos.

On Request Information

Investors can also request (free of charge) copies of this Offer Document at any time until 6 October 2006 by writing to or calling the Organising Participant, McDouall Stuart Securities Limited, at the address and number noted in the Directory on inside back cover or by requesting the above information in writing from:

The Board of Directors, Glass Earth Limited
Level 7, TeRenco House
86-96 Victoria Street
PO Box 24 109
WELLINGTON

Copies of the most recent annual report of the Issuer, the most recent annual and quarterly financial statements of the Issuer, the information required to be made available under the Companies Act and any other information required to be made available by statute or the NZAX Listing Rules are available free of charge from the Issuer on request at the address shown above or from its website at www.glassearth.co.nz.

OTHER IMPORTANT INFORMATION

Material Contracts

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Issuer and its subsidiaries during the two years preceding the date of registration of this Offer Document:

1. A Strategic Alliance Agreement dated 31 May 2004 between Glass Earth (New Zealand) Limited ("GENZL") and Geoinformatics Explorations Ireland Ltd to undertake an Intervention Project over the Coromandel/Central Volcanic area, North Island, in order to identify and rank target areas with potential for gold/silver mineralisation. Geoinformatics is entitled to a 2% Net Smelter Royalty on gold produced from targets included in the Final Stage 2 Target Bank that Glass Earth owns or acquires.
2. A Share Exchange Agreement dated August 31, 2004 as amended October 31, 2004 made between the Issuer, GENZL and all the shareholders in GENZL, under which the GENZL shareholders acquired 36,000,720 Ordinary Shares in the Issuer and the Issuer acquired all the shares in GENZL. This transaction resulted in the reverse takeover of the Issuer and subsequent re-listing on the TSX Venture Exchange.
3. A Stock Option Plan, approved by the Issuer's shareholders in general meeting on 30 November 2005, authorising the Issuer's Board to issue options over up to 10% of the Issuer's issued shares, from time to time, to eligible persons (directors, senior officers, employees etc).
4. Escrow Agreements dated 26 January 2005 between the Issuer, Computershare Trust Company (Escrow Agent) and individual GENZL shareholders acquiring shares in the Issuer pursuant to the Share Exchange Agreement referred to in cl 2 above under which the Escrow Agent holds in escrow the shares in Glass Earth Limited issued to each of the following individual shareholders pursuant to the Share Exchange Agreement referred to in paragraph 2 above.
 - a. RAB Special Situations LP;
 - b. Simon Henderson;
 - c. Ian Brown;
 - d. Peter Liddle;
 - e. Kroy Holdings Ltd; and
 - f. Silverbridge Capital Ltd.
- Under the Escrow Agreement, these Glass Earth Limited shares are to be released from escrow on the basis of 10% of the shares upon listing on the TSX – Venture Exchange (April 2005), then another 15% every 6 months after that.
5. A Convertible Loan Agreement dated 15 February 2005 between GENZL, RAB Special Situations LP and Silverbridge Capital Ltd (a company owned by the Hughnie Laing Trust, of which the sole beneficiary is a wife of one of the directors) for the purpose of borrowing up to A\$600,000 of bridging finance to pay for mobilisation deposits for airborne geophysics contractors. The borrowings under this agreement were repaid in April 2005. No interest was paid and no conversion of loan occurred. The agreement was terminated upon repayment of the loans.



6. A Share Exchange Agreement dated 23 December 2005 between the Issuer, HPD New Zealand Limited ("HPD"), HPD Investments Ltd and Patagonia Gold plc under which the Issuer acquired all the shares in HPD in consideration for the issue to Patagonia Gold plc of 12,665,000 fully paid Ordinary Shares in the Issuer and 6,332,500 share purchase options.
7. Allotment Agreements dated in March 2006 between the Issuer and Messrs Dow, Henderson, Laing, Liddle and Billingsley of 5,750,000 Incentive Stock Options under the Stock Option Plan. See further details on page 58.
8. Allotment Agreements dated June and July 2006 between the Issuer and Messrs Dow, Henderson, Laing, Liddle, Billingsley and Woodhead of 3,240,000 Incentive Stock Options under the Stock Option Plan. See further details on page 39.
9. A Joint Venture agreement dated 5 April 2006 with Newmont Waihi Gold Ltd (in respect of Waihi West), whereby Newmont may undertake an exploration programme (including drilling) over Exploration Permit 40 767 as follows:
 - a. Initial work obligation of NZ\$400,000 within 12 months, then decision point to spend additional NZ\$1,100,000 within next 24 months to earn 60% of equity;
 - b. Following the initial work, Newmont may prepare a feasibility study to earn a further 15% of equity;
 - c. Glass Earth can request that Newmont arrange Glass Earth's share of development financing in return for a further 5% equity;
 - d. Glass Earth remains responsible for meeting the Geoinformatics 2% Net Smelter Royalty on any production;
 - e. During the sole funding period (approximately the first three years of the Agreement), Newmont has the first right to purchase Glass Earth's interest in the Exploration Permit should Glass Earth dispose of its interest in the Exploration Permit either directly or by a change of the controller of Glass Earth.
10. In relation to the Offer, a letter agreement dated 1 May 2006 between Glass Earth Limited and McDouall Stuart Securities Limited under which McDouall Stuart Securities Limited is appointed as Lead Manager and NZX Organising Participant for the Offer.
11. A Subscription Agreement between the Issuer and St Andrew Goldfields Ltd dated 5 September 2006 under which St Andrew Goldfields Ltd agrees to subscribe for shares to the value of NZ\$4,830,000 either under the Offer or by private placement if the Offer does not proceed.
12. A Registrar and Paying Agency Agreement between the Issuer and Computershare Investor Services Ltd (Computershare) dated 6 September 2006 under which

Computershare agrees to act as Registrar and Paying Agent in respect of the securities issued pursuant to this Offer.

Other Material Matters

1. As a consequence of the Issuer being registered in New Zealand as an overseas company, and being an "issuer" as defined in the Financial Reporting Act 1993, the Issuer will be required to register financial statements with the Registrar of Companies in New Zealand pursuant to the provisions of that Act.
2. GENZL, in the ordinary course of its business, entered into a contract with Universal Tracking Systems Pty Ltd in January 2005, to fly approximately 40,000 line kilometres of airborne magnetics over the Central Volcanic Region. This was completed in July 2005 and formed part of the Stage 2 exploration initiatives.
3. GENZL, in the ordinary course of its business, entered into a contract with Bell Geospace Ltd in June 2005, to fly approximately 6,000 line kilometres of airborne gravity over the Central Volcanic Region. This was completed in July 2005 and formed part of the Stage 2 exploration initiatives.

STOCK OPTIONS

There are a number of options in existence giving rights to subscribe for Ordinary Shares in the Issuer. Particulars are as follows:

(i) Incentive Stock Options

The Issuer may grant incentive stock options to its officers, directors, employees and consultants, for the purchase of Ordinary Shares in the Issuer. Stock options are non-transferable. The Board of Directors of the Issuer determines the exercise price, which may be no less than the Discounted Market Price, as permitted under the policies of the TSX-V applicable to options, on the date of 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 is at the time of granting of the options, except for options granted to investor relations service providers in which case TSX-V policies require vesting over a 12 month period. Once approved and vested, options are exercisable at any time until expiry or termination as above.

The following incentive stock options were outstanding as at 11 September 2006:

NUMBER OF OPTIONS	DATE FULLY VESTED	NUMBER VESTED	EXERCISE PRICE PRICE PER SHARE C\$	EXPIRY DATE
5,750,000	22 Feb 2006	5,750,000	15 cents	22 Feb 2011
3,240,000	8 June 2006	3,240,000	15.5 cents	8 June 2011

(ii) Share Purchase Options

ISSUE	NUMBER OF OPTIONS	ISSUE DATE	EXERCISE PRICE CANADIAN CENTS	OPTION EXPIRY DATE
Balance May 31 2004	0	n/a	n/a	n/a
1 Private placement	7,043,500	March 31 2005	35	March 31 2007
2 Private placement	1,666,666	Jan 11 2006	25	Jan 11 2008
3 Acquisition of HPD	6,332,500	March 30 2006	25	March 30 2008
4 Private placement	1,666,666	March 30 2006	25	March 30 2008
5 Private placement	1,666,666	April 19 2006	25	April 19 2008
6 Private placement	5,000,000	June 6 2006	25	June 6 2008
Balance June 30 2006	23,375,998		28	
Weighted Average				

The total number of Ordinary Shares in the Issuer under option to, or for the benefit of, each of the following classes of persons is:

- in respect of the principal officers of the Issuer or of any subsidiary of the Issuer – 8,990,000. See summary on page 39.
- in respect of the employees of the Issuer or of any subsidiary of the Issuer. – Nil

Restrictions on Directors' Powers

The Issuer's Constitution, as well as the British Columbia Act, British Columbia Securities Act and policies of the TSX-V restrict certain actions of the Directors and in particular provide that the Directors may not:

- (a) cause the Issuer to repurchase any of its equity securities except in very limited circumstances through the facilities of a stock exchange where the Issuer's offer to acquire securities is available to all Shareholders equally. The Issuer must cause a formal valuation to be lodged before more than 10% of its shares can be repurchased in this fashion in any 12 month period;
- (b) issue shares unless the shares are issued as fully paid at the time of issuance for cash, property or services and generally they are required to be issued at prevailing market prices for the shares less certain graduated discounts of up to 25% as permitted by the TSX-V. The TSX-V will generally require prior shareholders' approval for issuances of shares that can result in a change of control of the Issuer. Most material transactions involving the Issuer will require filing with, and acceptance by, the TSX-V before the transaction proceeds;

- (c) vote on any matter in which he or she is financially interested, except for limited matters. Related party transactions are subject to both TSX-V and British Columbia Securities Act requirements for disinterested shareholders' approvals, and formal valuations in certain circumstances;
- (d) buy or sell assets having a fair market value exceeding 25% of the Issuer's capitalisation where such transaction is with a related party unless appropriate independent qualified valuations have been supplied and shareholders have voted upon the matter;
- (e) give financial assistance in connection with the acquisition of shares issued, or to be issued, by the Issuer, or give financial assistance to any other person or for any other reason, except in limited circumstances, and never if such assistance may render the Issuer insolvent;
- (f) grant incentive stock options in excess of 20% of the Issuer's capitalisation; or
- (g) except in limited circumstances permitted by the Issuer's Constitution, alter the Issuer's authorised capitalisation without TSX-V and shareholders' approval.

The Issuer's Continuous Reporting Requirements under Canadian Securities Laws and TSX-V Listing Rules

The Issuer is a "reporting issuer" under the securities laws of Canada. In Canada, the Issuer is obliged to report its quarterly financial results within 60 days after the end of each of its three interim fiscal quarters and within 120 days of the end of its 4th fiscal quarter (the additional time is to permit an audit to be completed). The Issuer's fiscal quarters are based on a fiscal year ended 31 May. The Issuer is required to mail its interim quarterly information to Shareholders who request to have these mailed to them by placing their names on the Issuer's supplemental mailing list. The quarterly information includes unaudited financial statements prepared on a comparative basis together with management's discussion and analysis of results and certain other supplemental information. All the quarterly information can also be accessed at any time at the Canadian securities regulatory internet website located at www.sedar.com.

All disclosures required to be made to the TSX-V will also be made to the NZX.

The rules of the TSX-V apply to its listed companies in a number of areas including:

- (a) TSX-V requires that minimum listing requirements such as minimum asset, capitalisation and share distribution be met on an on-going basis;
- (b) TSX-V requires certain minimum corporate governance standards, material transaction notice and pre-approval requirements be met;
- (c) continuous disclosure, timely disclosure of events, shareholders' meetings, minority shareholder approval requirements, personal information reporting for insiders, changes in management or control, and change in auditor must comply with TSX-V policies;
- (d) investor relations and promotional activities are reviewed;
- (e) distributions of treasury securities, incentive stock options, private/public/rights offerings require TSX-V review and acceptance;
- (f) loans, bonuses and finders' fees, asset acquisitions and disposals, issuance of indebtedness, acceptable vendor consideration, re-purchase of securities and take-over bids are reviewed; and
- (g) insider involvement in transactions, reorganisations, changes of business require prior review and acceptance.

A full copy of these corporate finance policies is available at the TSX-V website, <http://www.tsx.com/>.

There are no further material matters relating to the offer of the Shares and Options other than the matters set out elsewhere in this Offer Document and in contracts entered into in the ordinary course of business of a member of the Group.

DIRECTORS' STATEMENT

After due enquiry by the Directors, in relation to the period between 31 May 2005 and the date of registration of this Offer Document, the Directors are of the opinion that no circumstances have arisen that materially adversely affect the trading or profitability of the Group, or the value of its assets or the ability of the Group to pay its liabilities due within the next twelve months.

This Offer Document has been signed by, or on behalf of each of the Directors of the Issuer:

Glenn Laing

Simon Henderson

John Dow

Peter Liddle

Richard Billingsley

FINANCIAL INFORMATION and AUDITOR'S REPORT

FOR THE 9 MONTH PERIOD ENDED 28 FEBRUARY 2006

This section contains the following financial information:

- Audited consolidated financial statements of the Issuer for the period of 9 months ended 28 February 2006 pages 53 to 65.
- Auditor's Report page 66.

CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian Dollars)

	FEBRUARY 28, 2006 (AUDITED) \$	MAY 31, 2005 (AUDITED - NOTE 13) \$
ASSETS		
Current assets		
Cash and equivalents	306	1,359
Amounts receivable	102	20
Prepaid expenses	52	-
	460	1,379
Non-current assets		
Mineral interests (Note 5)	2,664	1,743
Property and equipment (Note 6)	6	5
	2,670	1,748
	3,130	3,127
LIABILITIES		
Current Liabilities		
Accounts payable	185	46
Accrued liabilities	158	297
	343	343
Commitments and Contingencies (Note 10)		
SHAREHOLDERS' EQUITY		
Common Shares (Note 7(a))	3,406	3,004
Share Purchase Warrants (Note 7(b))	506	423
Contributed Surplus (Note 7(c))	464	-
Deficit Accumulated through the Development Stage	(1,589)	(643)
	2,787	2,784
	3,130	3,127

APPROVED ON BEHALF OF THE BOARD

Glenn Laing, Director

Peter Liddle, Director

GLASS EARTH LIMITED

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF OPERATIONS

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

	NINE MONTHS ENDED FEBRUARY 28, 2006 (AUDITED) \$	NINE MONTHS ENDED FEBRUARY 28, 2005 (UNAUDITED - NOTE 13) \$
Revenue	-	-
Expenses		
Amortisation	3	2
Consultancy fees	25	23
General and Administration	192	116
Professional fees	126	43
Registry and Filing	22	-
Salaries	78	-
Stock-based compensation (Note 7(c))	464	-
Travel and accommodation	36	15
	946	199
Loss before Income Taxes	(946)	(199)
Provision for income taxes	-	-
Net Loss	(946)	(199)
 Loss per Share - Basic and Fully Diluted	 0.02	 0.01
 Weighted average number of basic and fully diluted common shares outstanding during the period	 57,799,295	 36,000,720

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands of Canadian Dollars)

	FEBRUARY 28, 2006 (AUDITED)	MAY 31, 2005 (AUDITED - NOTE 13)
Opening balance for the period/year	(643)	(52)
Loss for the period/year	(946)	(591)
Closing balance at end of the period/year	(1,589)	(643)



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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian Dollars)

	NINE MONTHS ENDED FEBRUARY 28, 2006 (AUDITED) \$	NINE MONTHS ENDED FEBRUARY 28, 2005 (UNAUDITED - NOTE 13) \$
Cash Provided by (used in) :		
Operating Activities		
Net loss for the period	(946)	(199)
Adjustment for:		
Stock-based compensation (Note 7(c))	464	-
Amortisation	3	2
Changes in non-cash working capital		
Amounts receivable	(82)	-
Prepaid expenses	(52)	-
Accounts payable and accrued liabilities	-	190
Net cash used in Operating Activities	(613)	(7)
Investing Activities		
Mineral interests	(921)	(13)
Property and equipment	(4)	-
Net cash used in Investing Activities	(925)	(13)
Financing Activities		
Issuance of common shares for cash	500	-
Share issue costs	(15)	-
Borrowings	-	39
Net cash provided from Financing Activities	485	39
Net Increase/(Decrease) in cash and equivalents	(1,053)	19
Cash and equivalents – beginning of period	1,359	24
Cash and equivalents – end of period	306	43

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



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

1. Nature of Operations

Glass Earth Limited (formerly known as BC Report Magazine Ltd.) (the "Company"), is engaged in the acquisition, exploration and development of mineral properties. To date, the Company has not earned revenues and is considered to be in the development stage. On March 31, 2005, the Company completed an acquisition as described in note 3.

2. Going Concern

These consolidated interim financial statements have been prepared using 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. As at February 28, 2006, the Company had a net loss of \$946,000 and accumulated deficit of \$1,589,000. The Company's ability to meet its obligations and continue as a going concern is dependent upon its ability to obtain additional financing, achievement of profitable operations and the discovery, development and sale of mining reserves. The Company is planning to meet its future expenditures and obligations by raising funds through private placements or by farm-outs of mineral properties (see Note 12(d) for further details). It is not possible to predict whether these efforts will be successful or whether the Company will attain profitable levels of operation.

The consolidated interim financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported expenses, and the balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.

3. Basis of Presentation and Reverse Takeover

The accompanying consolidated interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial statements and, accordingly, certain information and note disclosure normally included in annual audited financial statements have been condensed or omitted. These interim consolidated financial statements have been prepared using the same accounting principles as used in the annual

audited financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended May 31, 2005. The results of operations of any interim period are not necessarily indicative of the results of operations for any other interim period or a full fiscal year.

On March 31, 2005, the Company completed the acquisition of all the outstanding common shares of Glass Earth (New Zealand) Limited (formerly Glass Earth Limited) ("GENZL"), in exchange for common shares of the Company. Pursuant to the terms of the Share Exchange Agreement entered into with GENZL and its shareholders, the Company issued 36,000,720 common shares to acquire the 16,667 outstanding common shares of GENZL.

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

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

Further to the RTO transaction described above, these consolidated financial statements for the comparative period ended February 28, 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).



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

4. Significant Accounting Policies

a) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiary GENZL, as described in notes 1 and 3. All significant inter-company transactions and balances have been eliminated.

b) Mineral Interests

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 amortised 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 incurred for general exploration that are not project specific, are charged to operations. The recorded amounts for acquisition costs of properties and their related capitalised exploration and development expenses represent actual expenditures incurred and are not intended to reflect present or future values. The Company, however, reviews the capitalised costs on its properties on a periodic, or at least annual, basis and will recognise an impairment in value based upon the stage of exploration and/or development, work programmes 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. 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 includes 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

Capital assets are carried at cost less accumulated amortisation. Amortisation is provided on a straight line basis. Principal depreciation rates are:

Computer Equipment 36%

Office Furniture & Equipment 10%

The Company reviews the carrying values on a regular basis and a provision is made against income in the period that an impairment is determined by management.

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 period, with the exception of depreciation and amortisation which is translated at historical rates. Exchange gains and losses on translation are included in the Consolidated Statements of Operations.

f) Asset Retirement Obligations

The Company's mineral exploration and development activities are subject to various New Zealand laws and regulations regarding protection of the environment. As a result of these, the Company is expected in the future to incur expenses from time to time to discharge its obligations under these laws and regulations.

Reclamation and closure costs are estimated based on the Company's interpretation of current regulatory and operating licence requirements and measured at fair value. Fair value is determined based on the net present value of future cash expenditures expected upon reclamation and closure. Reclamation and closure costs are capitalised as mine development costs and amortised over the life of the mine on a unit-of-production basis.

The Company does not presently have any asset retirement obligations.

g) Income Taxes

The Company accounts for and measures the future tax assets and liabilities in accordance with the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

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

h) Stock-based Compensation

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

i) Loss Per Share

Basic earnings (loss) per share is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. Stock options and share purchase warrants outstanding were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

j) Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial

statements and related notes. The Company regularly reviews these estimates and assumptions that affect the consolidated financial statements, and actual results could differ from those estimates. Significant areas where management judgment is applied are asset valuations, the recoverability of exploration and development expenditures on mineral properties, asset retirement obligations, stock based compensation, contingent liabilities and valuation of tax accounts. In the opinion of management, all adjustments considered necessary for fair presentation of the results for the periods presented are reflected in the consolidated financial statements.

k) Share Capital

Common shares issued for non-monetary consideration are recorded at their fair market value based on the trading price of the Company's shares on the TSX Venture Exchange on the date of the agreement to issue the shares.

5. Mineral Interests

	FEBRUARY 28, 2006 \$	MAY 31, 2005 \$
Balance – beginning of period	1,743	686
Coromandel/Central Volcanic Region ("CCVR") Project		
Airborne Surveys	700	914
Geological consulting, mapping and modeling	180	121
Licence rentals	41	22
Cost for the period	921	1,057
Balance – end of period	2,664	1,743

a) The Company has carried out prospecting and exploration for gold and silver in the CCVR of the North Island of New Zealand since its incorporation in September 2002. As at May 31, 2005, the Company owned 100% of Prospecting Permits ("PP") 39-241 and 39-282, covering approximately 9,000 square kilometers of the CCVR.

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 Permits 39-241 and 39-282 representing the less advanced anomalous targets contained therein.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006
(Tabular amounts in thousands of Canadian dollars)

- b) The Company has not incurred any acquisition costs in relation to exploration interests.
- c) The Company's exploration activities are carried out solely in New Zealand.

Expenditure made on account of mineral interests by the Company was as follows:-

PERMIT	PROJECT	OPENING BALANCE \$	RE-ALLOCATION AS AT DECEMBER 31, 2005 \$	EXPENDITURE TO FEBRUARY 28, 2006 \$	CLOSING BALANCE \$
PP 39 241	CCVR	1,743	(1,306)	-	437
PP 39 282	CCVR	-	133	-	133
EP 40 765	Wawa	-	184	11	195
EP 40 766	Paeroa	-	828	44	872
EP 40 767	Waihi West	-	93	2	95
EP 40 768	Muir South	-	184	-	184
EP 40 769	Horohoro	-	277	13	290
EP 40 770	Atiamuri	-	370	88	458
Total		1,743	763	158	2,664

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

Prospecting permits ("PP") 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 exploration permit ("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 exploration permit.

The holder of an EP may apply for a mining permit ("MP"), which allows for mineral extraction. The duration of an MP may be as long as 40 years, but is typically less than 20 years.

Glass Earth currently holds 100% of each permit, which provides for exclusive rights to explore for gold and silver. From March 31, 2006, EP 40 767 is subject to a farm-in, whereby up to 80% may be earned by the incoming party upon expending NZ\$1.5m, preparation of a feasibility study and arranging of development finance.

a) PP 39 241 - Central Volcanic Region

This PP was the original permit granted in October 2004. It has since been subject to significant exploration activities, with EP's being granted over the 21 most advanced targets. As at February 28, 2006, the original PP had been reduced to approximately 9,030 sq km, containing over 80 of the less advanced targets. These targets will be subject to further exploration in order to seek to advance them to EP stage. The tenure of this PP has been extended out to October 20, 2007.

b) PP 39 282 - Central Volcanic Region

This PP of approximately 397 sq km is surrounded by PP 39 241 and has been subject to the same exploration activities. It contains less developed targets, which will also be advanced. The tenure of this PP has been extended out to July 12, 2006.

c) EP 40 765 - Wawa

This EP was granted on December 21, 2005 and currently contains 2 targets.

d) EP 40 766 - Paeroa

This EP was granted on December 21, 2005 and currently contains 9 targets.

e) EP 40 767 - Waihi West

This EP was granted on December 21, 2005 and contains one target. It is subject to a farm-in, whereby up to 80% may be earned by the incoming party (Newmont Waihi Ltd) upon expending NZ\$1.5m (approximately \$1.1m), preparing a feasibility study and arranging development finance (if requested).

f) EP 40 768 - Muirs South

This EP was granted on December 16, 2005 and currently contains 1 target.

g) EP 40 769 - Horohoro

This EP was granted on December 16, 2005 and currently contains 3 targets.

h) EP 40 770 - Atiamuri

This EP was granted on December 21, 2005 and currently contains 4 targets.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

6. Property and Equipment

	FEBRUARY 28, 2006			MAY 31, 2005		
	COST \$	ACCUMULATED AMORTISATION \$	NET BOOK VALUE \$	COST \$	ACCUMULATED AMORTISATION \$	NET BOOK VALUE \$
Computer Equipment	11	6	5	7	4	3
Office furniture and equipment	2	1	1	2	-	2
	13	7	6	9	4	5

7. Shareholders' Equity

a) Common Shares

Authorised: Unlimited number of common shares with no par value.

Issued and outstanding:

	NUMBER OF COMMON SHARES #	AMOUNT \$
Issued May 31, 2004	7,149,914	703
Issued pursuant to acquisition of GENZL in RTO (i)	36,000,720	(30)
Issued pursuant to private placement (ii)	14,087,000	2,817
Share Purchase Warrant Valuation	-	(423)
Share issue costs	-	(63)
Issued May 31, 2005	57,237,634	3,004
Issued pursuant to private placement (iii)	3,333,333	500
Share Purchase Warrant Valuation	-	(83)
Share issue costs	-	(15)
Issued February 28, 2006	60,570,967	3,406

- (i) On March 31, 2005, the Company issued 36,000,720 common shares in consideration for the acquisition of all the issued and outstanding shares in GENZL (note 3).
- (ii) On March 31, 2005, 14,087,000 common shares were issued for 20 cents per Unit, each Unit consisting of one common share and one half of one share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of 35 cents per share for a period of two years following the date of issue of the Units.
- (iii) 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.

(iv) Common shares have been reserved for warrant options on the following basis:

7,043,500 exercisable at 35 cents up to March 31, 2007.

1,666,667 exercisable at 25 cents up to January 13, 2008.

(v) As at the balance sheet date, and pursuant to an escrow agreement, 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% of escrowed shares was released on October 6, 2005 and will be released every 6 months thereafter; and
- 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% of the escrowed shares was released on October 6, 2005 and will be released every 6 months thereafter.

b) Share Purchase Warrants

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

	NUMBER OF WARRANTS #	WEIGHTED AVERAGE EXERCISE PRICE \$ PER SHARE	FAIR VALUE \$
Balance May 31, 2005	7,043,500	0.35	423
Granted	1,666,667	0.25	83
Exercised	-	-	-
Cancelled/Expired	-	-	-
Balance February 28, 2006	8,710,167	0.33	506

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:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006
(Tabular amounts in thousands of Canadian dollars)

	JANUARY 2006	MARCH 2005
Risk-free interest rate	4.00%	2.70%
Expected life	2 years	2 years
Expected volatility	89%	80%
Expected dividends	-	-

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

c) Stock-Based Compensation

The Company may grant incentive stock options to its officers, directors, employees and consultants, for the purchase of shares of the Company. Stock options are non-transferable. The Board of Directors of the Company determines the exercise price, but it may be no less than the current market price at the time of the grant. Options have a maximum term of five years and terminate 45 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 nine month period ended February 28, 2006, \$464,000 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% 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 greater than the market price at the grant date. As no options were granted or vested during the year to May 31, 2005 there was no stock-based compensation expense for the year ended May 31, 2005.

The following stock options were outstanding at February 28, 2006

	NUMBER #	WEIGHTED AVERAGE EXERCISE PRICE \$ PER SHARE
Balance - May 31, 2005	-	-
Granted	6,000,000	0.15
Exercised	-	-
Cancelled/Expired	-	-
Outstanding - February 28, 2006	6,000,000	0.15
Exercisable - February 28, 2006	6,000,000	0.15

The weighted average remaining contractual life of the options is five years as of February 28, 2006.

8. Related Party Transactions

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

- a) In November 2003, GENZL entered into a Management Services Agreement with Ian R Brown Associates Ltd ("IRBA") (a company owned by Mr. I. R. Brown, a former director and former shareholder of GENZL). The agreement set out the terms for the provision of technical and other services to GENZL. On June 30, 2005, the Management Services Agreement was terminated and replaced with a consultant agreement.

Total services provided during the period, under these contracts, amounted to \$22,853 (2005: \$192,910). The outstanding balance owing to IRBA at period end totalled \$2,245 (2005: \$7,368).

- b) During the current period Mr. I. R. Brown did not personally provide administrative and technical services to GENZL (2005: \$15,377). There was no outstanding amount at period end (2005: \$15,377).
- c) During the current period to February 28, 2006, Mr. P. Liddle (a director and former shareholder of GENZL) did not directly provide accounting and secretarial services to GENZL (2005: \$66,362). There was no outstanding amount at period end (2005: Nil).

For the 9 months period to February 28, 2006, Hussey & Associates Limited (a chartered accounting firm in New Zealand with which Mr. Liddle has a consulting arrangement) charged total fees of \$88,879.

- d) On April 1, 2005, Mr. Henderson (a director and former shareholder of GENZL) became an employee of GENZL. A formal employment contract has not been agreed as yet with Mr. Henderson, although the key terms of his employment are expected to be a salary of \$150,000 (2005: \$130,000) per annum together with a termination/redundancy provision equivalent to 24 months salary. Mr. Henderson has received \$89,963 for the current period.
- e) In April 2005, the Company loaned \$2,224,896 to GENZL to fund its exploration activities. In January 2006, the Company loaned \$373,000 to GENZL to fund its exploration activities. Both these loans are non-interest bearing and cannot be called prior to November 30, 2007. The amounts have been eliminated on consolidation.
- f) During the period management fees of \$24,750 were paid to a company owned by the Hughnie Laing Trust, whose sole beneficiary is the wife of a director.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

- g) During the period, \$9,000 was advanced to St George Minerals, a company (controlled by a director of the Company) that provides office and related facilities in Toronto, and remains outstanding at the period end (2005: Nil).

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

9. Financial Instruments

a) **Credit Risk and Concentrations of Credit Risk**

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

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

b) **Fair Values**

The carrying amount of the financial instruments approximates fair value due to the short maturity of these instruments. Adequate provision is held in respect of amounts receivable.

10. Commitments and Contingencies

- a) The Company had no capital expenditure commitments as at February 28, 2006 (May 31 2005: \$854,932 of which \$192,370 had been included in accounts payable at that time).
- 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) The contingent royalty obligations on geothermal energy production have been assumed by Glass Earth Geothermal Limited (formerly named GEX Limited) as a result of the sale of geothermal targets and potential to GEX Limited by GENZL, in return for an identical 0.5% geothermal production royalty. This transfer is subject to ratification by Geoinformatics Exploration Ireland Ltd. Glass Earth Geothermal Limited is a wholly owned subsidiary of the Company.
- d) A Statement of Claim has been served on the Company by M Horn & Co. claiming a success fee of \$133,402 plus interest and legal costs in connection with some of the private placements of shares made contemporaneously with the RTO of the Company on March 31, 2005. Subsequent to this current period both parties agreed to settle this action and the Company has accrued \$72,000.

- e) Under the terms of non-cancellable operating leases, the Company is committed to rental payments as follows:

	\$
2006	8,044
2007	8,044
2008	8,044
2009	2,346
	<u>\$26,478</u>

11. Income Taxes

The Company accounts for income taxes using the asset and liability method. Tax asset and liability account balances are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rate. The effects of future changes in tax losses are not anticipated.

The provision for income taxes has been computed as follows:

	FEBRUARY 28 2006	MAY 31 2005
Expected income tax recovery at the statutory rate of 34.12% (2005: 34.56%)	(323)	(199)
Stock based compensation	158	-
Financing Charges	10	-
Valuation allowance	155	199
Provision for income taxes	-	-

The components of future income taxes are as follows:

	2006	2005
Future income tax assets		
Net operating loss carried forward - Glass Earth Limited	425	133
Net operating loss carried forward - Glass Earth (New Zealand) Limited	781	399
Valuation allowance	(1,206)	(532)
	-	-

The Company has tax losses available to be applied against future years' income. In order to record a future income tax benefit, it must be more likely than that the future tax asset resulting from the tax losses available for carry forward will be realised. Given the Company's classification as a development stage company and future uncertainty regarding profitability, it is appropriate to set up a 100% valuation allowance in respect of the future income tax asset.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006
(Tabular amounts in thousands of Canadian dollars)

12. Subsequent Events

a) Acquisition of HPD New Zealand Limited ("HPD")

On March 31, 2006 the Company acquired HPD for the consideration of issuing 12,665,000 Glass Earth common shares and 6,332,500 share warrants (with a strike price of 25 cents each for a period of 2 years).

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).

As the acquisition is a non-adjustable event, the company has not been included in this period's group financial statements, however the acquisition will have the following effect on the group's consolidated financial position:

	2006
Current assets	
Cash balances	17
Bond & refunds due	16
	<u>33</u>
Non current assets	
Exploration costs	1,126
Plant & equipment	15
	<u>1,141</u>
Current liabilities	
Creditors	(72)
Others creditors	(66)
	<u>(138)</u>
Net assets acquired	<u>1,036</u>
Consideration	1,036
	<u>-</u>

As part of the consideration, GEL repaid a loan that HPD had with its previous owner.

Therefore the total consideration was:-

Net assets of HPD	1,036
Inter-company loan	921
	<u>1,957</u>

b) Private Share Placements

In March 2006, the Company raised \$500,000 by issuing a further 3,333,333 common shares and 1,666,667 share purchase warrants exercisable at \$0.25 per share for up to 2 years.

In April 2006, the Company raised \$500,000 by issuing a further 3,333,333 common shares and 1,666,667 share

purchase warrants exercisable at \$0.25 per share for up to 2 years.

In June 2006, the Company raised \$1,500,000 by issuing a further 10,000,000 common shares and 5,000,000 share purchase warrants exercisable at \$0.25 per share for up to 2 years.

c) Wellington Office Lease

In March 2006, the Company signed a replacement lease to rent additional office space. The lease term is for three years from April 1, 2006 with rent set at \$20,063 per annum (plus GST).

d) Waihi West Farm-Out

In April 2006, the Company executed a farm-out deed with Newmont Waihi Gold Limited ("Newmont") over EP 40 767 (adjacent to the Martha Hill mine at Waihi, North Island, New Zealand). The terms provide for Newmont to be able to earn 60% for expending NZ\$1.5 million (approximately \$1.1 million) with a further 15% for funding a feasibility study and 5% for arranging the Company's share of financing (if requested). A royalty deed pursuant to the arrangements set out in note 10 (b) has been executed.

e) Stock Options

In June 2006, the board of directors of the Company granted a total of 3,240,000 stock options to directors, officers and employees. The options are exercisable at a price of \$0.155 per share for a period of 5 years. All options vest immediately.

13. Comparative Figures

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

The Canadian standard for interim company financial information requires comparative information to include the following:

- Comparative balance sheet as of the end of the immediately preceding fiscal year; i.e. 31 May 2005.
- Comparative statements of retained earnings for the year to date period of the immediately preceding fiscal year; i.e. 31 May 2005; and
- Income statement and cash flow statement for comparable interim period i.e. 28 February 2006.

14. Differences between New Zealand and Canadian Generally Accepted Accounting Principles

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") which conform in all



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006

(Tabular amounts in thousands of Canadian dollars)

material respects with New Zealand generally accepted accounting principles ("NZ GAAP") except for the following differences:

a) Statement of Movements in Equity

Canadian standards do not require a separate statement of Movements in Equity, however we have included a statement of movements in retained earnings.

b) Stockholders' Equity

i) Contributed Surplus

Canadian GAAP requires:

- stock options issued to both employees and non-employees to be measured and recognised in the financial statements using a fair value based approach; and
- disclosures in its financial statements of various details relating to options issued.

For Canadian reporting purposes this has resulted in a stock option compensation cost of \$464,000 for the nine months to 28 February 2006 (fiscal year 2005: Nil) being recorded in these financial statements.

For purposes of NZ GAAP, there is no requirement to record the cost of stock options issued.

ii) Balance Sheet

The effect of Note 14(b) i) on Accumulated Deficit and Contributed surplus is as follows:

AS AT	28-02-06 9 MONTHS	31-05-05 12 MONTHS
Accumulated deficit under Canadian GAAP	(1,589)	(643)
Add back compensation stock (Canadian GAAP)	464	-
Accumulated deficit under NZ GAAP	(1,125)	(643)

c) Net (Loss) for the Period

The following are the effects of Note 14 (b) on the Net Profit/Loss for periods:

FOR THE PERIOD ENDING	28-02-06 9 MONTHS	28-02-05 9 MONTHS (UNAUDITED)	31-05-05 12 MONTHS
Net loss for the period under Canadian GAAP	(946)	(199)	(591)
Add back Canadian GAAP compensation cost	464	-	-
Net loss for the period under NZ GAAP	(482)	(199)	(591)

d) Interim Financial Statements

Under Canadian GAAP requirements, the consolidated statement of operations and consolidated cash flows are required to present results for the current interim period (December 2005 to February 2006) as well as the year to date amounts. Set out below are the results for the current interim period.

CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED FEBRUARY 28, 2006 (UNAUDITED) \$	THREE MONTHS ENDED FEBRUARY 28, 2005 (UNAUDITED) \$
Revenue	-	-
Expenses		
Amortisation	1	1
Consultancy fees	9	12
General and Administration	125	26
Professional fees	52	11
Registry and Filing	15	-
Salaries	26	-
Stock-based compensation (Note 7(c))	464	-
Travel and accommodation	19	1
	711	51
Loss before Income Taxes	(711)	(51)
Provision for income taxes	-	-
Net Loss	(711)	(51)
Loss per Share - Basic and Fully Diluted	0.01	0.00
Weighted average number of basic and fully diluted common shares outstanding during the period	57,799,295	36,000,720

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Nine Month Period Ended February 28, 2006
(Tabular amounts in thousands of Canadian dollars)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED FEBRUARY 28, 2006 (UNAUDITED) \$	THREE MONTHS ENDED FEBRUARY 28, 2005 (UNAUDITED) \$
Cash Provided by (used in) :		
Operating Activities		
Net loss for the period	(711)	(51)
Adjustment for:		
Stock-based compensation (Note 7(c))	464	-
Amortisation	1	1
Changes in non-cash working capital		
Amounts receivable	(35)	(3)
Prepaid expenses	60	-
Accounts payable and accrued liabilities	-	82
Net cash used in Operating Activities	(221)	29
Investing Activities		
Mineral interests	(176)	(8)
Investment in HPD New Zealand Limited (Note 12(a))	(49)	-
Property and equipment	-	-
Net cash used in Investing Activities	(225)	(8)
Financing Activities		
Issuance of common shares for cash	500	-
Share issue costs	(15)	-
Borrowings	-	21
Net cash provided from Financing Activities	485	21
Net Increase/(decrease) in cash and equivalents	39	42
Cash and equivalents - beginning of period	158	1
Cash and equivalents - end of period	197	43

e) Reverse Take-over Accounting

These financial statements have been prepared in accordance with the basis of presentation as outlined in Note 3. That is, as the parent company had a nil or negative shareholders' fund position prior to the Reverse Takeover on March 31 2005, the operating subsidiary, GENZL, is regarded as the continuing entity.

AUDIT REPORT

Level 9, Tower Centre
45 Queen Street
Auckland
New Zealand
PO Box 3899
Auckland
New Zealand
DX CP19042
Telephone: +64 9 309 0463
Facsimile: +64 9 309 4544
enquiries@staplesrodway.com
www.staplesrodway.com



11 September 2006

The Directors
Glass Earth Limited, Suite 500, 357 Bay Street,
TORONTO, CANADA

Dear Sirs

This report is issued in respect of the public offer by Glass Earth Limited (the Group) of shares and options in the Group as set out in the "Offer Document" to be registered on 11 September 2006.

We have audited the consolidated interim balance sheet of Glass Earth Limited as at 28 February 2006 and the consolidated interim statement of operations and cash flows for the nine month period ended 28 February 2006.

Directors' Responsibilities

The Directors are responsible for the preparation of the interim financial information which gives a true and fair view of the consolidated interim balance sheet of the Group as at 28 February 2006 and of the results of operations and cashflows for the period ended on that date.

Auditor's Responsibilities

While the interim accounts as at 28 February are not required by regulation 22 of the Securities Act (NZX - NZAX Market) Exemption notice 2005 to be audited, we have, in accordance with your instructions, undertaken to report our opinion on the interim financial information presented by the Directors.

This report has been prepared for inclusion in the Prospectus. We take no responsibility for, nor do we report on, any part of the Prospectus not mentioned in this report.

Basis of Opinion

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

The comparative figures for the nine month period ended 28 February 2005 were prepared without an audit.

We have no relationship with or interests in the Group other than in our capacity as auditors.

Fundamental Uncertainty

In New Zealand, auditing standards would require the addition of an explanatory paragraph when the financial statements are affected by fundamental uncertainties that cast substantial doubt on the Group's ability to continue as a going concern. Our report would have included the following paragraph if the financial statements had been prepared in accordance with New Zealand generally accepted accounting principles:

In forming our unqualified opinion on the audited financial statements we have considered the disclosures made in the financial report regarding the going concern concept. The group's cash balances and working capital are not sufficient to fund all its obligations with respect to its ongoing work programme requirements related to the prospecting and exploration permits. The continued operations of the Group and recoverability of amounts relating to the capitalised mineral interests is dependant on the existence of economically viable reserves, farming out of mineral interests to other participants and obtaining additional equity financing. The validity of the going concern assumption on which the financial statements is prepared depends on the successful conclusion of these matters. If the Group was unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts in which they are currently recorded in the consolidated interim balance sheet. In addition, the Group may have to provide for further liabilities that might arise and to reclassify non-current assets as current assets. Further details of the circumstances relating to this fundamental uncertainty are described in Note 2 of the interim financial statements.

Unqualified Opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Group as far as appears from our examination of those records; and
- the financial report on pages 53 to 65:
 - complies with generally accepted accounting principles in Canada;
 - gives a true and fair view of the consolidated interim balance sheet of the Group as at 28 February 2006 and the results of its operations and cashflows for the period ended on that date.

Our audit was completed on 19 May 2006 and our unqualified opinion is expressed as at that date.

CHARTERED ACCOUNTANTS
AUCKLAND

CORPORATE GOVERNANCE

The Board meets monthly by teleconference, and has adopted the following Corporate Governance statements, which will be reviewed annually:

- Health & Safety Policy
- Environmental Policy
- Directors' Position Description
- Corporate Disclosure Policy
- Audit Committee Mandate
- Compensation Committee Mandate

ROLE OF THE BOARD

The Board is elected by the Shareholders and is responsible for the control of the business of the Issuer. It is accountable to the Shareholders for the performance of the Issuer, and compliance by the Issuer with laws and standards.

The Board is responsible for setting the direction of the Issuer by developing corporate objectives and then developing and endorsing strategy to achieve the objectives, ensuring procedures are in place to provide effective internal financial control, and establishing policy in key areas.

The Board sets objectives and monitors management's performance.

BOARD MEMBERSHIP

The Constitution of the Issuer prescribes that the number of directors that may be appointed is the number set at any time by ordinary resolution of the Shareholders and that the minimum number is three.

At each annual meeting, unless otherwise determined by resolution of the Board, all the Directors must retire. The Directors are eligible for re-election.

The Board currently comprises five members, two of whom are fulltime executive employees; Mr Laing provides services as and when required (and is counted as an executive director); Messrs Billingsley and Dow are independent non-executive directors.

DELEGATION

The Board delegates responsibility for the day-to-day leadership and management of the Group to the Chief Operating Officer, Simon Henderson.

COMMITTEES

The Board has established two permanent committees, the Audit Committee and the Compensation Committee.

The Audit Committee comprises three directors, Mr. Dow (chairman) Mr. Billingsley and Mr. Liddle, and meets quarterly.

The Compensation Committee comprises two directors, Mr. Dow (chairman) and Mr. Billingsley and given the limited number of employees, meets as required.

The Audit Committee is constituted to monitor the veracity of the financial and regulatory reports produced by the Issuer, and the controls that are in place to ensure the opportunities for fraud or material error in the financial statements of the Issuer are minimised.

INDEMNITY AND INSURANCE

The Issuer holds public liability and general insurance policies, and reviews the level of cover and appropriateness of its insurances on a regular basis.

In accordance with the Issuer's Constitution and to the extent permitted by Canadian legislation, the Issuer indemnifies its directors against liability to other parties (excluding a claim by the Issuer itself) that may arise from their position as directors. The indemnification requires that the director acted honestly and in good faith with a view to the best interests of the Issuer, and that he had reasonable grounds for believing that his conduct was lawful. A director may also claim indemnification for a claim by the Issuer itself where the director has acted in good faith as aforesaid, but such indemnification requires the approval of the Court.

RIGHTS ATTACHING TO SHARES

The following is a summary of the principal rights, privileges, limitations and conditions that, as at the date of this Offer Document, attach to the Ordinary Shares of the Issuer and will attach to each Share. The rights described below may be varied or amended at any time by a special resolution of the Shareholders, and each interest group whose rights are affected by such variation or amendment.

Investors should be aware that this is a simplified and general description of the principal rights, privileges, limitations and conditions that attach to the Ordinary Shares and they should refer to the British Columbia Act, the TSX-V and NZAX Listing Rules and the Issuer's Constitution for a complete understanding of those matters.

GENERAL

The Shares provide Shareholders with equal rights to receive dividends and other distributions, voting rights and rights to share in the Issuer's surplus assets on a liquidation. The principal corporate law rules affecting the Issuer are set out in the British Columbia Act and the Issuer's Constitution.

VOTING

On any resolution, including without limitation any resolution to appoint or remove a Director or auditor, approve a fundamental change including an amalgamation of the Issuer or to put the Issuer into voluntary liquidation, which may be proposed at a meeting of the Shareholders, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Share held.

Voting rights are subject to all restrictions imposed by the Listing Rules of the NZAX (which are applicable to non-home exchange companies), as well as the Issuer's Constitution, the British Columbia Act and the Listing Rules of the TSX-V. These rules may prohibit Shareholders who are Directors or associated persons of the Issuer or its Directors from voting in certain circumstances where they may receive greater benefit from the resolution than other Shareholders or are somehow financially interested in the matter.

TRANSFER OF SHARES

Subject to the restrictions on transferability for certain limited periods in Canada (as detailed in this section and the section on page 1 of this Offer Document entitled "Important Notice"), and compliance with applicable securities legislation, the Shares may be transferred by a Shareholder to any other person by any instrument commonly used for transferring shares. Shares are transferred by the entry of the name of the transferee on the Issuer's share register, provided that the documentation ordinarily required by the transfer agent has been supplied to it.

The Shares cannot be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX-V or otherwise in Canada or to or for the benefit of a Canadian resident within a period of 4 months after the Date of Issue, without prior written approval of the TSX-V and compliance with all applicable securities legislation.

SHAREHOLDERS' MEETINGS AND NOTICES

Each Shareholder is entitled to receive notice of, to attend and vote at meetings of Shareholders and to receive all notices, reports and financial statements required to be sent to Shareholders by law. Notice of a meeting of Shareholders must be delivered to depositaries and filed with the Canadian regulators at least 25 days before the record date for a Shareholders' meeting, and copies of the meeting materials including the form of proxy and an information circular must be sent to Shareholders, by regular mail posted in Canada, at least four business days before the 21st day before the date fixed for the meeting. (The record date for a meeting of Shareholders shall be no fewer than 30 and no more than 60 days before the meeting date.) Copies of these materials are also filed immediately at the Canadian securities regulatory internet website www.sedar.com.

The Directors must convene a special meeting of Shareholders upon receipt of a written request from Shareholders who hold shares carrying together not less than 5% of the voting rights entitled to be exercised on the matters in respect of which the meeting is called. A quorum for a meeting of Shareholders is present if two or more Shareholders are present in person or by proxy, attorney or representative.

The Issuer is required to hold an annual meeting of Shareholders in each calendar year no later than 15 months from the date of the preceding annual meeting.

The Board must send to every Shareholder, together with or as part of the information circular a copy of the annual report for the Issuer. The annual report must include:

- the audited consolidated financial statements for the Issuer;
- a report by the Board on any changes in the nature of the Issuer's business or any change in the classes of business in which the Issuer has an interest which is, in the Board's view, material for the Shareholders to have an appreciation of the state of affairs of the Issuer; and
- certain other information required by the British Columbia Act and Canadian securities legislation including Directors' personal information and shareholdings, Directors' and management compensation, interest of Directors and management in any material transaction, and principal shareholders.

DIVIDENDS

Each Share carries the right (subject to the rights of holders of any shares which confer special rights as to dividends) to receive an equal share of all dividends declared by the Issuer. The authorisation and payment of distributions (which includes dividends) is subject to certain procedural pre-conditions prescribed in the British Columbia Act.

If the Directors are satisfied on reasonable grounds that the Issuer will, immediately after the distribution, satisfy solvency requirements, they may authorise such distribution at a time, and of an amount, as the Directors think fit. If, after a



distribution is authorised and before it is paid, the Directors cease to be so satisfied, the distribution is deemed not to have been authorised.

The Directors advise that the Issuer intends to utilise its available cash resources to fund exploration and development of its gold properties, and, therefore, does not intend to make payment of dividends in the foreseeable future.

ISSUE OF FURTHER SHARES AND OTHER SECURITIES

The Directors have the ability to issue further Ordinary Shares as fully paid up for properly valued property, services and for cash. The Issuer has only Ordinary Shares authorised but the Issuer's Constitution permits the Directors to create and issue additional classes of shares with special rights or privileges.

An issue of further Ordinary Shares can be made by the Directors at any time, subject to compliance with TSX-V policies, and generally requires Shareholder approval only in very limited circumstances, such as an issuance that can materially affect control of the Issuer or where the transaction is with or involves a Director or other related party.

LIQUIDATION

Shareholders may, by special resolution, voluntarily liquidate the Issuer. The Issuer may also be put into liquidation by creditors in certain circumstances involving its insolvency. In the event of the liquidation of the Issuer, and after payment of all outstanding debts and securities ranking in priority to Ordinary Shares, the remaining assets of the Issuer will be distributed to the holders of Ordinary Shares in proportion to the number of Ordinary Shares held by them.

APPOINTMENT AND RETIREMENT OF DIRECTORS

The maximum number of Directors that may be appointed is the number resolved by ordinary resolution of the Shareholders and the minimum number is three. At each annual meeting of the Issuer all of the Directors must retire, and are eligible for re-election. The Shareholders may at any time by special resolution at a specially convened meeting of Shareholders appoint or remove any Director. The Board may appoint Directors to fill casual vacancies that occur and to increase the number of directors by up to one third of the number in office at the end of the previous annual meeting, and such Directors will hold office only until the next annual meeting of the Issuer but will be eligible for re-election at that meeting.

ACTIONS AFFECTING RIGHTS

Shareholders' rights may be negated, altered or added to by an amendment to the Issuer's Constitution by a special resolution of Shareholders, or in certain circumstances by a court order. Section 61 of the British Columbia Act restricts a company from taking any action which affects certain rights attached to shares unless that action has been approved by a special resolution of shareholders whose rights are affected by it. An issue by the Issuer of further shares or other

securities does not constitute an action affecting the rights attached to the Shares.

A special resolution requires the approval of two-thirds of the shareholders entitled to vote in person or by proxy at a duly convened meeting.

MINORITY BUY-OUT RIGHTS (OR DISSENT AND APPRAISAL RIGHTS)

If Shareholders by special resolution approve proposals pursuant to which the Issuer effects certain fundamental changes, then in certain circumstances, any Shareholder, who casts all of his or her votes attaching to the Ordinary Shares registered in his or her name against the resolution, is entitled to require the Issuer to purchase, or arrange to have a third party purchase, those Ordinary Shares for a fair and reasonable price in accordance with the procedures prescribed in the British Columbia Act. This price will be nominated by the Issuer. If the Shareholder objects, the price will be determined judicially.

Such fundamental transactions require that an information circular in the required form be sent by the Issuer to Shareholders before any meeting at which the matters are to be considered, and any such information circular would be required to provide information about the dissent right, if any, and the manner in which it has to be exercised.

These fundamental changes include an amendment of the Issuer's Constitution to alter the rights and restrictions applicable to the class of shares, the addition or removal of stated restrictions on the Issuer's business, an agreement to amalgamate with another company, a proposal to transfer or re-domicile the legal jurisdiction of incorporation out of the Province of British Columbia or any proposal to sell, lease or exchange all or substantially all of the Issuer's property.

BUY-BACK OF SHARES

The Issuer may offer to buy-back Ordinary Shares in accordance with the restrictions imposed by the British Columbia Act, the TSX-V Listing Rules, and the British Columbia Securities Act if effected by a pro rata offer to existing Shareholders or, in certain other limited circumstances, through the facilities of the TSX-V. Canadian securities legislation requires, before any material buy-back of Shares, that the Issuer obtain and deliver to Shareholders an independent valuation of the Issuer's Shares.

FINANCIAL ASSISTANCE TO PURCHASE SHARES

The Issuer may not provide a loan or other form of financial assistance to a person in connection with the purchase of shares in the Issuer except in very limited circumstances. Before providing financial assistance, the Issuer must be and remain solvent, and the Directors must resolve that the financial assistance is in the best interests of the Issuer and that the terms and conditions under which the financial assistance is given are fair and reasonable to the Issuer. Such assistance also requires TSX-V approval.

TAKEOVERS

The New Zealand Takeovers Code does not apply to the Issuer.

However, the British Columbia Securities Act provides certain restrictions in respect of share acquisitions. A person who holds or controls 20% or more of a listed company's outstanding shares must file a form at least 7 days before any sale of securities and file insider reports. Also, the British Columbia Securities Act provides an "early warning system" with which a person who holds or controls 10% or more of a listed company's outstanding shares must comply.

Investors are advised to seek legal advice in relation to any act, omission or circumstance which may result in that investor breaching or becoming in breach of any provision of Canadian Securities legislation.

COMPULSORY ACQUISITION

Under Part 9, Division 6, of the British Columbia Act, a person (or group of persons acting in concert) who acquires 90% or more of the voting rights of the Issuer has the right to acquire all of the shares not already held by them, and holders of these shares have the right to sell to such dominant owner. The price at which the dominant owner acquires these shares will either be the price paid by the dominant owner for the voting securities previously purchased that resulted in the dominant owner holding 90% or more of the voting rights, or a price judicially determined as fair and reasonable.

RIGHTS ATTACHING TO OPTIONS

1. Each Option Certificate confers the right or option to take up the number of common shares in the Issuer referred to on the Option Certificate, by payment of NZ\$0.35 per share, payable in full on exercise of the Options.
2. The Options are exercisable at any time on or before 5.00pm (NZ time) on 6 October 2008 ("expiry date") and may be transferred in the same manner as common shares in the Issuer at any time on or before the expiry date. The same requirements for transfer of Options apply as in relation to common shares. Transfers will be recorded in the Issuer's Option Register.
3. Options must be exercised in minimum parcels of 2,500 unless the parcel being exercised represents the only Options held or the balance of the unexercised Options held. Where a Subscription Form (as attached) is received by the Issuer, it will allot the new shares and enter the shares in the Issuer's Share Register not later than 15 business days after the exercise date of the Options.
4. Optionholders have no right to participate in new issues of securities of the Issuer (in their capacity as holders of Options), without exercising the Options held.
5. Shares resulting from the exercise of Options will rank pari passu in all respects, including for dividends, with existing common fully paid shares.
6. In the event of the reconstruction (including consolidation, sub-division or cancellation) of the issued common shares of the Issuer, the Options shall be treated in the following manner:
 - 6.1 In the event of consolidation of the common shares of the Issuer, the number of Options shall be consolidated in the same ratio as the common shares and the exercise price shall be amended in inverse proportion to that ratio;
 - 6.2 In the event of a sub-division of the common shares of the Issuer, the number of Options shall be sub-divided in the same ratio as the common shares and the exercise price shall be amended in inverse proportion to that ratio;
 - 6.3 In the event of any reconstruction of the issued common shares of the Issuer, the number of Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on a Option holder which are not conferred on Shareholders; and
 - 6.4 Subject to provisions with respect to rounding of entitlements which are sanctioned by the meeting of Shareholders approving the re-construction of common shares, in all other respects the terms for the exercise of Options shall remain unchanged.
7. To exercise the Options, Option holders must complete an Option Exercise/Subscription form which is available on request from the Issuer or from the Issuer's website, www.glassearth.co.nz, and send the form to the Issuer at the office of its Share Transfer Agent and Registry, together with the correct amount of application monies to reach the Issuer on or before 5.00pm (NZ time) on the expiry date.
8. The Issuer reserves the right to decline to accept a Subscription Form if the Issuer, acting reasonably, believes that the issue of such shares would constitute a breach of the securities laws of Canada.
9. Neither the Options nor the shares issued pursuant to the exercise of the Options can be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX-V or otherwise in Canada or to or for the benefit of a Canadian resident within a period of 4 months after the Date of Issue, without prior written approval of the TSX-V and compliance with all applicable securities legislation.



GLOSSARY

Board	The board of Directors of the Issuer
British Columbia Act	Business Corporations Act (British Columbia)
British Columbia Securities Act	Securities Act (British Columbia)
CCVR	the Coromandel/Central Volcanic Region
Closing Date	6 October 2006 or such other date as the Board determines
Companies Act	Companies Act 1993 (NZ)
Constitution	The Notice of Articles, as altered from time to time, and Articles of the Issuer registered under the British Columbia Act
CVR	Central Volcanic Region
Date of Issue	The date of allotment and issuance of Shares and Options pursuant to this Offer
Directors	The directors of Glass Earth Limited
Group	The Issuer and all its subsidiaries (being at the date of this Offer Document GENZL and HPD)
GENZL	Glass Earth (New Zealand) Limited
HPD	HPD New Zealand Limited
Issuer	Glass Earth Limited
Issue Price	NZ\$0.25 per Share
Lead Manager and Organising NZX Participant	McDouall Stuart Securities Limited
Listing Rules	Listing rules of the NZAX or the rules and policies of the TSX-V, as the case may be
Newmont	Newmont Mining Corporation
NZ	New Zealand
NZAX	New Zealand Alternate Exchange, a market operated by NZX
NZX	New Zealand Exchange Limited
Offer	The offer of Shares and Options under this Offer Document
Offer Document	This Prospectus dated 11 September 2006
Opening Date	11 September 2006 or such other date as the Issuer determines
Options	The share purchase Options offered for subscription under this Offer Document
Ordinary Shares	Common shares in the Issuer
Registrar	Computershare Investor Services Limited
Reverse Takeover	The reverse takeover effected by GENZL of the Issuer pursuant to the Share Exchange Agreement and under which the Issuer became the holding company of the Group
Securities Act	Securities Act 1978 (NZ)
Securities Regulations	Securities Regulations 1983 (NZ)
Shareholders	The holders of Ordinary Shares in the Issuer
Share Exchange Agreement	The Share Exchange Agreement between the Issuer, GENZL and GENZL's founding shareholders dated 31 August 2004
Shares	The Ordinary Shares in the Issuer offered for subscription under this Offer Document
Subscription Agreement	The agreement referred to as Subscription Agreement in the list of "Material Contracts" on page 49
Takeovers Code	The Takeovers Code promulgated by the Takeovers Code Approval Order 2000 (NZ)
TSX-V	TSX Venture Exchange

TECHNICAL GLOSSARY

Addit/s	A tunnel driven horizontally from the surface
Airborne geophysical survey	A survey where geophysical data are collected using an aircraft
AIRGRAV™	A patented system developed by Bell Geosystems to measure variations of the earth's gravitational field from an aircraft
Alluvial	Pertaining to silt, sand and gravel material transported by a river
Anomaly/anomalies	An area/areas where exploration has revealed results higher than the local background
Andesite/Andesitic	A Mafic volcanic rock composed of calcic feldspar and one or more of the mafic minerals pyroxene, olivine and hornblende
Alteration	The change in the mineral composition of a rock commonly due to hydrothermal alteration
Au	Chemical symbol for gold
CSAMT	Controlled Source Audio Magneto Tellurics
Data Intervention	Collation, digitisation and interrogation of data
DDH	A drilling method that uses drill bits coated with diamonds to recover solid cores of rock from below the ground surface. Holes drilled using this drilling method are commonly prefixed DDH to communicate the drilling method
Deposit	A body of mineralisation that may or may not be economic to mine
Epithermal	Pertaining to mineral veins and ore deposits formed from warm waters at shallow depth, at temperatures ranging from 50 to 200 degrees C and generally some distance from the magmatic source
Exploration Permit (EP)	An Exploration Permit issued under the Crown Minerals Act 1991 of New Zealand allows the holder to explore using mechanised methods but is subject to obtaining access to the land from landowner/s
Fault	A fracture zone along which rocks on one side have moved relative to the other side
Exposure/s	Underlying rocks are exposed at surface, synonym for outcrop
g/t	An abbreviation for grams per tonne, a unit of measurement of the concentration of metal in rock, equivalent to parts per million (ppm)
Geochemical	Pertains to the concentration of an element
Geophysics/Geophysical	The study of the physical properties of rocks, such as magnetism, conductivity and density: A method of exploration based on this by inferring geologic features from measurements of physical properties
Geothermal	A term to describe energy derived from the internal heat of the earth
Geochemist	A scientist who specialises in the chemical composition of rocks and the process that can change the chemical composition of rocks
Greenfield's Exploration	An exploration term used to describe exploration in areas where no economic mineralisation has been previously discovered
Ground Verification	Processes where physical evidence corroborates remote sensing techniques
Hard rock	Mining term implying the need to use explosives to fragment the rock
Lithology/lithologies	The study and description of rocks, including their mineral composition and texture. Also used in reference to the compositional and textural characteristics of a rock.
Mesothermal	A hydrothermal mineral deposit formed at great depth at temperatures of 200 to 300 degrees C
Mineralisation	The process by which minerals are introduced into rock. More generally a term applied to accumulations of economic or related minerals in quantities ranging from anomalous to economically recoverable
Miocene	A period of geologic time from 5.5 million years to 24 million years before present
Net Smelter Royalty	A royalty that is a percentage of the mineral's value at the time of production/sale
Ounce/oz	Imperial measure of the weight of gold. 1 Ounce is equivalent to 31.103477 grams
Outcropping	Underlying rocks exposed at surface



Participating Interest	A participatory interest, as compared to a royalty interest, in a gold property whereby the participating interest holder is liable for its proportionate or agreed share of development and operating costs and receives its proportionate or agreed share of the minerals produced.
Pliocene	A period of geologic time from 1.8 million years to 5.5 million years before present
ppb	An abbreviation for parts per billion, a unit of measurement of the concentration of metal in rock or soil
ppm	An abbreviation for parts per million, a unit of measurement of the concentration of metal in rock or soil
Prospecting Permit (PP)	A Prospecting Permit issued under the Crown Minerals Act 1991 of New Zealand allows the holder to explore by hand held methods only
Prospect	An area of a permit which has a demonstrated potential to host a resource
Prospective	General term for the perceived potential for the discovery of resources based on the knowledge of factors such as favourable geologic setting, structures, alteration, geochemical and or geophysical responses, and occurrences of mineralisation
Province	An area, region or district of similar geology.
Quartz	A common rock forming mineral composed of silicon dioxide
Quartz Reef	Old mining term used to describe large quartz veins
Quartz veins	A tabular quartz infill of a fissure or crack in a rock
RC	A drilling method that uses a hammer driven by compressed air to collect a sample from below the earth's surface and which is returned to surface inside the drill rods to reduce contamination. This drilling process is called Reverse Circulation (RC) drilling and drill holes are commonly prefixed RC to communicate the drilling method
RAB	Rotary Air Blast, a relatively inexpensive and less accurate drilling technique involving the collection of a sample from below the earth surface where the sample is returned to surface by compressed air outside the drilling rods
Radiometric survey	A geophysical survey technique in which measurements are made of variations of natural radioactivity of the earth's surface
Resistivity	A measure of how difficult it is to pass an electrical current between two points
Resistivity survey	A geophysical survey technique in which measurements are made of natural variations of the earth's subsurface resistivity
Resource	An identified in situ mineral occurrence from which valuable or useful minerals may be recovered. Mineral resources are divided into Inferred, Indicated and Measured categories according to the JORC code (an industry standard for reporting)
sq km	Square kilometres
Stratigraphic	A term to describe the sequence of rock layers found in a specific geographic area, arranged in the order of their deposition
Strike	The orientation of a layer of rock or geologic structure in the horizontal plane
Subduction	The process of convergence of two tectonic plates one of which usually overrides the other
World Class	In the context of a gold deposit, a world class deposit is one which via a combination of historic mining and current resources has/had resources in excess of 5 million ounces.

Other Expressions

Metric and Imperial Units – Conversion from metric units into imperial equivalents is as follows:

METRIC UNITS	IMPERIAL UNITS
hectare (ha)	2.471 acres
metre (m)	3.281 feet
kilometre (km)	0.621 miles (3,281 feet)

APPLICATION FORM AND INSTRUCTIONS

GENERAL

An Application will constitute an irrevocable offer by the Applicant to subscribe for and acquire the number of Shares and Options specified on the Application Form (or such lesser number which the Issuer may determine) on the terms and conditions set out in this Offer Document and on the Application Form. By submitting an Application Form, Applicants agree to be bound by these terms and Conditions and the Issuer's Constitution. The Issuer's and the Lead Manager's decision on the number of Shares and Options to be allotted to any Applicant will be final.

THE APPLICATION FORM

- (a) Insert full name(s), address and telephone numbers.
Applications must be in the name(s) of natural persons, companies or other legal entities. At least one full given name and surname is required for each natural person. Applications in the name of a minor, fund, estate, business, firm or partnership, club or other unincorporated body cannot be accepted. In those cases, applications must be made in the individual name(s) of the person(s) who is (are) the legal guardian(s) trustee(s), proprietor(s), partner(s) or office bearer(s) (as applicable).
- (b) If the beneficial ownership of the shares subscribed for does not reside in the investors, then insert full name(s) and address of the beneficial owners.
- (c) Insert the dollar value of Shares applied for. Note that applications must be for a minimum of 10,000 Shares and 5,000 Options.
- (d) Insert IRD number.
- (e) If you know your Common Shareholder Number, please insert it.
- (f) Read the Investment Statement and Offer Document and application form carefully and sign the application form. It must be signed by the applicant(s) personally, or under company seal, if it has one, or by two directors of the company, or one director if there is only one director, or in either case by an attorney. If your application form is signed by an attorney, the power of attorney document is not required to be lodged but the attorney must complete the certificate on the reverse of the application form. Joint applicants must all sign the application form.
- (g) Date the application form.

PAYMENT

Payment of the full amount of the Shares must accompany the application form.

Payment must be in New Zealand dollars for immediate value. Post dated cheques will not be accepted. Cheques must be drawn on a registered New Zealand Bank.

Cheques must be made out in favour of 'Glass Earth Share Offer' and crossed 'Not Transferable'.

TREATMENT OF APPLICATION

The submission of an application form with your cheque for the application money will constitute your offer to purchase or subscribe for Shares and Options. If your application form is not completed correctly, or if the accompanying payment is the wrong amount, it may still be treated as valid.

The decision of the Issuer and the Lead Manager as to whether to treat your application form as valid, and how to construe, amend or complete it, shall be final. The decision on the number of Shares to be allocated or transferred to you shall also be final. You will not, however, be treated as having offered to purchase a greater value of Shares, than that for which payment has been made.

Investors applying under the Offer whose applications are not accepted, or are accepted in respect of a lesser value of Shares than the amount for which they applied will receive a refund of all, or part, of their application monies without interest. Allocations, if rounded, will be rounded down to the nearest whole number of Shares. Refunds will not be paid for any difference arising solely due to rounding.

CLOSING DATES

Application forms under the Offer must be received by the Share Registry by no later than 5pm on Friday, 6 October 2006.

The Issuer may amend this date at its discretion.

DELIVERY

Applications cannot be revoked or withdrawn.

Application forms may be mailed or delivered, with payment, to one of the following:

a) Glass Earth Share Offer
c/- Computershare Investor Services Limited
Level 2, 159 Hurstmere Road, Takapuna
Private Bag 92119, Auckland 1020
Telephone 09-488-8777
Facsimile 09 488-8787

b) the offices of any NZX Participant Firm.
c) the offices of the Lead Manager

McDouall Stuart Securities Limited
Bayleys Building, 28 Brandon Street
PO Box 1886
Wellington

McDouall Stuart Securities Ltd
209 Karamu Rd
PO Box 247
Hastings

Application forms which are not lodged directly with the Share Registry must be lodged with the relevant person in time to enable them to be forwarded to the Share Registry before the Closing Date.

Applications which are received by the Share Registry after the Closing Date, may or may not be accepted, at the discretion of the Issuer.



APPLICATION FORM

To: Glass Earth Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland

BROKER'S STAMP

ADVISOR'S CODE

GLASS EARTH LIMITED

Completed application forms, together with payment of the application money payable in respect of the total number of Shares and Options applied for, should be mailed or delivered to Computershare Investor Services Limited or any NZX Participant Firm, or McDouall Stuart Securities Limited so as to be received by Computershare Investor Services Limited before 5.00 pm NZ time 6 October 2006.

Please refer to the Application Form and Instructions section of the attached Offer Document and to the reverse of this application form for additional application terms.

Investor Details (Block Letters Please)

1. Title:	First Name(s):	Surname:
2. Title:	First Name(s):	Surname:
3. Title:	First Name(s):	Surname:
Common Shareholder Number (if any): <input type="text"/>		
Corporate Name:		
Postal Address:		
Suburb:	City:	Postcode:
Telephone Number Home:	Business Phone:	
Email Address:		

Beneficial Owner Details (if any) (Block Letters Please)

1. Title:	First Name(s):	Surname:
2. Title:	First Name(s):	Surname:
3. Title:	First Name(s):	Surname:
Common Shareholder Number (if any): <input type="text"/>		
Corporate Name:		
Postal Address:		
Suburb:	City:	Postcode:
Telephone Number Home:	Business Phone:	
Email Address:		

\$

Number of Shares applied for at the purchase price of NZ\$0.25 per Share:

Amount payable, being the number of Shares applied for multiplied by the price of NZ\$0.25. Cheques for the full amount payable must be attached to this application form and must be payable to "Glass Earth Share Offer". Cheques must be crossed "Not Transferable". Payment must be made in New Zealand dollars with a cheque drawn on a registered New Zealand bank, and available for immediate payment.

IRD Number (New Zealand)

Agreement of Terms

I/We offer to purchase the Shares at the purchase price of NZ\$0.25 per Share in accordance with the terms set out in this Offer Document (including the Additional Application Terms on page 76) and agree to accept such lesser number of Ordinary Shares as the Issuer may allocate to me/us on the terms and conditions set out in this Offer Document and this Application Form, together with Options in the ratio of one Option for every two Shares allotted.

1. Signature:	Date:
2. Signature:	Date:
3. Signature:	Date:

This Application Form must not be issued, circulated or distributed unless accompanied by the Offer Document.



Certificate of Non-Revocation of Power of Attorney

I, (name of Attorney)	Of (Address and Occupation of Attorney)		
HEREBY CERTIFY THAT: 1. By a Power of Attorney dated the	Day of		
(Name and Occupation of person for whom attorney is signing)	(Address of person for whom Attorney is signing)		
("the Donor") appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney.			
2. I have executed the application for Shares and Options printed on the face of this form as Attorney pursuant to the powers conferred on me by that Power of Attorney.			
3. At the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney, whether by the death or dissolution of the Donor or otherwise.			
Signed at	this	day of	2006
Signature of Attorney			

Additional Application Terms

This application constitutes an irrevocable offer by the applicant to acquire the Shares and Options specified in the Application Form, or such lesser number of Shares and Options as Glass Earth Limited and the Lead Manager may determine, on the terms and conditions set out in the Offer Document and this Application Form.

If the aggregate number of Shares and Options applied for exceeds the number offered then applicants may be allotted fewer Shares and Options than the number for which they applied. The number of Shares and Options allotted to an applicant will be determined by Glass Earth Limited in conjunction with the Lead Manager. No reasons will be given regarding the level of allotments.

Options will be allotted in the ratio of one Option for every two Shares allotted.

Glass Earth Limited reserves the right to decline any application in whole or in part, without giving any reason. Money received in respect of applications which are declined in whole or in part will be refunded in whole or in part (as the case may be). In such cases refunds will be posted within ten business days after Closing Date. Interest will not be paid on any application money refunded to applicants.

Statements will be dispatched as soon as is practicable after allotment, but in any event not later than five business days after allotment.

If this Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Issuer's decision as to whether to treat an application as valid, and how to construe, amend or complete it, shall be final. The Issuer's decision on the number of Shares and Options to be allotted to an applicant shall also be final. Applicants will not, however, be treated as having offered to purchase a number of Shares and Options other than the number for which payment is made. Application money will be banked upon receipt into an account. Interest earned on that account will be paid to the Issuer. If application money is paid by a cheque which does not clear, that application may be rejected or an allotment made to the applicant may be cancelled or the Issuer may enforce its rights under the terms and conditions of the Application.

The Applicant warrants and represents to Glass Earth Limited as follows:

- (a) The Applicant is either a pre-approved habitual investor or a resident in New Zealand and is not a resident of any other jurisdiction and in particular not a resident of Canada, not present in any other jurisdiction, including Canada at the time of making this application, and is not applying for Shares and Options on behalf of a resident of Canada.
- (b) The Applicant acknowledges that:
 - (i) there are risks associated with the purchase of the Shares and Options;
 - (ii) there are restrictions on the Applicant's ability to resell the Shares and Options, and it is the responsibility of the Applicant to find out what those restrictions are and to comply with them before selling the Shares and Options;
 - (iii) Glass Earth Limited has advised the Applicant that Glass Earth Limited is relying on an exemption from the British Columbia requirement to provide the Applicant with an Offer Document, and to sell the Shares and Options through a person registered to sell securities, under the British Columbia Securities Act and, as a consequence of acquiring the Shares and Options pursuant to this exemption, certain protections, rights and remedies provided by the British Columbia Securities Act, including statutory rights of rescission or damages, will not be available to the Applicant; and
 - (iv) Glass Earth Limited has advised the Applicant that if the Applicant and/or Beneficial Owner obtain an interest in 5% or more of Glass Earth Limited's total issued shares, then the TSX-V reserves the right to request further information regarding the purchaser of shares, prior to providing their final approval to any such shareholding.

Expressions defined in the Offer Document have the same meanings in this Application Form.

This Application Form is governed by New Zealand law, but in relevant circumstances also by Canadian law.

APPLICATION FORM

To: Glass Earth Limited
C/- Computershare Investor Services Limited
Private Bag 92119
Auckland

BROKER'S STAMP

ADVISOR'S CODE

GLASS EARTH LIMITED

Completed application forms, together with payment of the application money payable in respect of the total number of Shares and Options applied for, should be mailed or delivered to Computershare Investor Services Limited or any NZX Participant Firm, or McDouall Stuart Securities Limited so as to be received by Computershare Investor Services Limited before 5.00 pm NZ time 6 October 2006.

Please refer to the Application Form and Instructions section of the attached Offer Document and to the reverse of this application form for additional application terms.

Investor Details (Block Letters Please)

1. Title:	First Name(s):	Surname:
2. Title:	First Name(s):	Surname:
3. Title:	First Name(s):	Surname:
Common Shareholder Number (if any): <input type="text"/>		
Corporate Name:		
Postal Address:		
Suburb:	City:	Postcode:
Telephone Number Home:	Business Phone:	
Email Address:		

Beneficial Owner Details (if any) (Block Letters Please)

1. Title:	First Name(s):	Surname:
2. Title:	First Name(s):	Surname:
3. Title:	First Name(s):	Surname:
Common Shareholder Number (if any): <input type="text"/>		
Corporate Name:		
Postal Address:		
Suburb:	City:	Postcode:
Telephone Number Home:	Business Phone:	
Email Address:		

\$

Number of Shares applied for at the purchase price of NZ\$0.25 per Share:

Amount payable, being the number of Shares applied for multiplied by the price of NZ\$0.25. Cheques for the full amount payable must be attached to this application form and must be payable to "Glass Earth Share Offer". Cheques must be crossed "Not Transferable". Payment must be made in New Zealand dollars with a cheque drawn on a registered New Zealand bank, and available for immediate payment.

IRD Number (New Zealand)

Agreement of Terms

I/We offer to purchase the Shares at the purchase price of NZ\$0.25 per Share in accordance with the terms set out in this Offer Document (including the Additional Application Terms on page 76) and agree to accept such lesser number of Ordinary Shares as the Issuer may allocate to me/us on the terms and conditions set out in this Offer Document and this Application Form, together with Options in the ratio of one Option for every two Shares allotted.

1. Signature:	Date:
2. Signature:	Date:
3. Signature:	Date:

This Application Form must not be issued, circulated or distributed unless accompanied by the Offer Document.



Certificate of Non-Revocation of Power of Attorney

I, (name of Attorney)	Of (Address and Occupation of Attorney)	
HEREBY CERTIFY THAT: 1. By a Power of Attorney dated the	Day of	
(Name and Occupation of person for whom attorney is signing) (Address of person for whom Attorney is signing)		
("the Donor") appointed me his/her/its Attorney on the terms and conditions set out in the Power of Attorney.		
2. I have executed the application for Shares and Options printed on the face of this form as Attorney pursuant to the powers conferred on me by that Power of Attorney.		
3. At the date of this certificate I have not received any notice or information of the revocation of that Power of Attorney, whether by the death or dissolution of the Donor or otherwise.		
Signed at	this day of	2006
Signature of Attorney		

Additional Application Terms

This application constitutes an irrevocable offer by the applicant to acquire the Shares and Options specified in the Application Form, or such lesser number of Shares and Options as Glass Earth Limited and the Lead Manager may determine, on the terms and conditions set out in the Offer Document and this Application Form.

If the aggregate number of Shares and Options applied for exceeds the number offered then applicants may be allotted fewer Shares and Options than the number for which they applied. The number of Shares and Options allotted to an applicant will be determined by Glass Earth Limited in conjunction with the Lead Manager. No reasons will be given regarding the level of allotments.

Options will be allotted in the ratio of one Option for every two Shares allotted.

Glass Earth Limited reserves the right to decline any application in whole or in part, without giving any reason. Money received in respect of applications which are declined in whole or in part will be refunded in whole or in part (as the case may be). In such cases refunds will be posted within ten business days after Closing Date. Interest will not be paid on any application money refunded to applicants.

Statements will be dispatched as soon as is practicable after allotment, but in any event not later than five business days after allotment.

If this Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be treated as valid. The Issuer's decision as to whether to treat an application as valid, and how to construe, amend or complete it, shall be final. The Issuer's decision on the number of Shares and Options to be allotted to an applicant shall also be final. Applicants will not, however, be treated as having offered to purchase a number of Shares and Options other than the number for which payment is made. Application money will be banked upon receipt into an account. Interest earned on that account will be paid to the Issuer. If application money is paid by a cheque which does not clear, that application may be rejected or an allotment made to the applicant may be cancelled or the Issuer may enforce its rights under the terms and conditions of the Application.

The Applicant warrants and represents to Glass Earth Limited as follows:

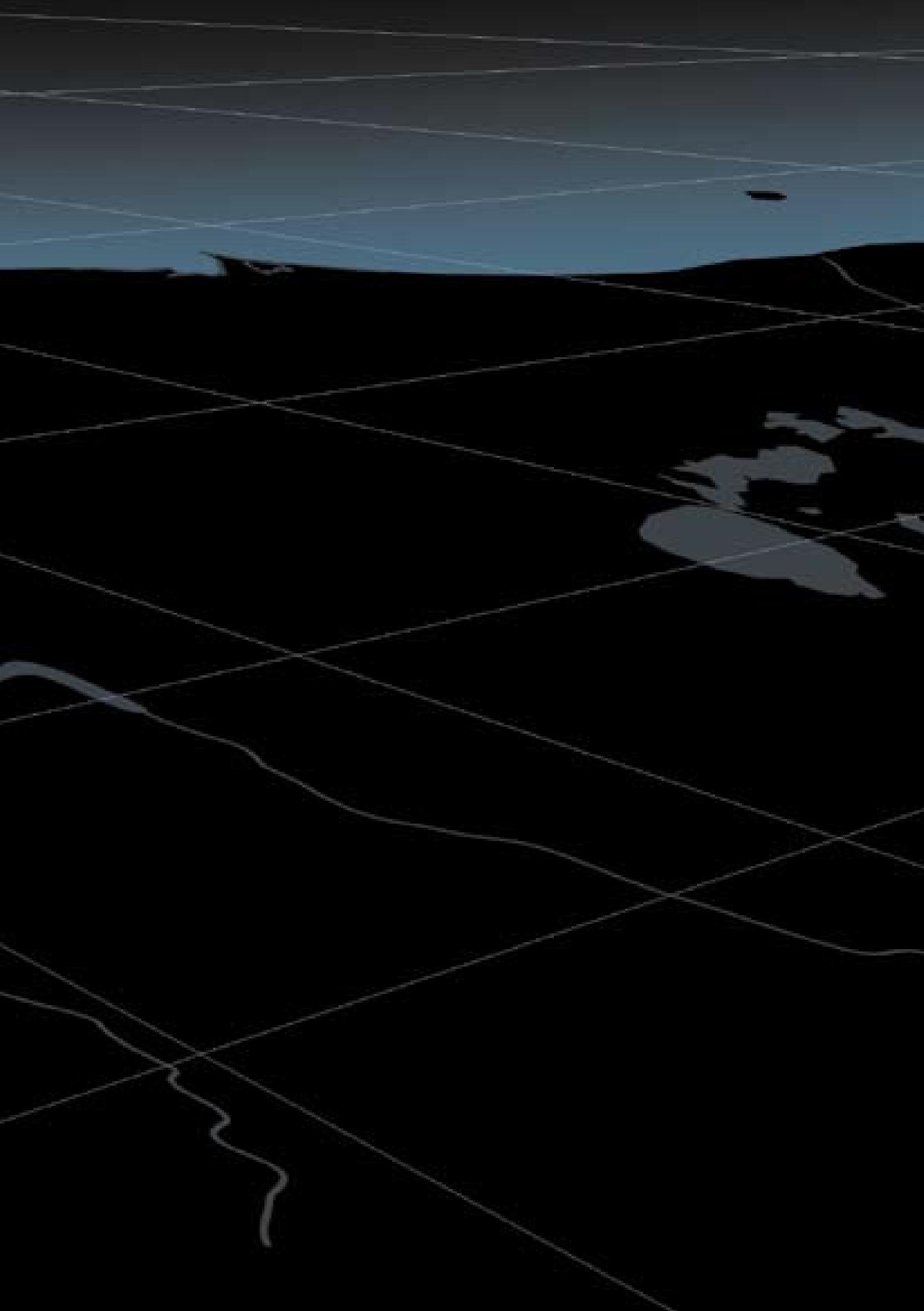
- (a) The Applicant is either a pre-approved habitual investor or a resident in New Zealand and is not a resident of any other jurisdiction and in particular not a resident of Canada, not present in any other jurisdiction, including Canada at the time of making this application, and is not applying for Shares and Options on behalf of a resident of Canada.
- (b) The Applicant acknowledges that:
 - (i) there are risks associated with the purchase of the Shares and Options;
 - (ii) there are restrictions on the Applicant's ability to resell the Shares and Options, and it is the responsibility of the Applicant to find out what those restrictions are and to comply with them before selling the Shares and Options;
 - (iii) Glass Earth Limited has advised the Applicant that Glass Earth Limited is relying on an exemption from the British Columbia requirement to provide the Applicant with an Offer Document, and to sell the Shares and Options through a person registered to sell securities, under the British Columbia Securities Act and, as a consequence of acquiring the Shares and Options pursuant to this exemption, certain protections, rights and remedies provided by the British Columbia Securities Act, including statutory rights of rescission or damages, will not be available to the Applicant; and
 - (iv) Glass Earth Limited has advised the Applicant that if the Applicant and/or Beneficial Owner obtain an interest in 5% or more of Glass Earth Limited's total issued shares, then the TSX-V reserves the right to request further information regarding the purchaser of shares, prior to providing their final approval to any such shareholding.

Expressions defined in the Offer Document have the same meanings in this Application Form.

This Application Form is governed by New Zealand law, but in relevant circumstances also by Canadian law.

NOTES





CORPORATE DIRECTORY

Glass Earth Ltd
Level 7, TeRenCo House
86-96 Victoria Street
PO Box 24 109
Wellington
Phone (04) 903 4980
Fax (04) 903 4985

DIRECTORS

Glenn Laing (President/CEO)
Suite 500, 357 Bay Street, Toronto, M5H 2T7,
Ontario, Canada

Simon Henderson (VP Exploration & COO)
41 Bell Road, Lower Hutt

Peter Liddle (VP Finance & CFO)
31 Malvern Road, Mt Albert, Auckland

John Dow (non Executive Director)
190 Nile Street, Nelson

Richard Billingsley (non Executive Director)
11114 – 147A Street, Surrey, BC, Canada

ISSUER SECRETARY

Peter Liddle

AUDITORS

Staples Rodway (New Zealand)

BANKERS

ASB Bank, New Zealand

SHARE TRANSFER AGENT AND REGISTRY

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, North Shore City
Private Bag 92119
Auckland, New Zealand
Shireen Jithoo
Telephone: (09) 488 8777
Fax: (09) 488 8787
E-mail: shireen.jithoo@computershare.co.nz

SOLICITORS TO THE OFFER

Morrison Daly
Level 14, 45 Johnston Street
PO Box 10 341
Wellington, New Zealand

LEAD MANAGERS AND ORGANISING NZX PARTICIPANT FIRM

McDouall Stuart Securities Limited
Level 6, Bayleys Building
28 Brandon Street
PO BOX 1886
Wellington, New Zealand
Phone (04) 472 2716

McDouall Stuart Securities Limited
209 Karamu Road
PO Box 247
Hastings, New Zealand
Phone (06) 876 6663

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