

**GLASS EARTH GOLD LIMITED ("GEG")**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the nine months ended September 30, 2013**  
(All amounts stated in Canadian dollars, unless otherwise indicated)

Attention is called to a caution in respect of Forward-Looking Statements - included at page 30

**QUARTERLY OVERVIEW**

Glass Earth Gold is entering into a new phase of exploration and development. Key to management's strategy is a re-focusing on its primary gold development opportunities (WKP and Neavesville gold-silver projects).

Management has undertaken a rigorous reassessment of all its exploration targets and enveloping permit holdings, resulting in a pruning of all greenfield targets and associated permits and initiating austerity measures to ensure the advancement of resources definition on its most prospective projects.

In Q3 the Company withdrew from placer mining operations and exploration, by selling its Drybread operations and transferring or relinquishing all placer gold-related permits.

The financial effects of these decisions were primarily included in the Q2 financial results to 30 June 2013.

**EXPLORATION** *(please refer to the individual sections following for fuller description of the exploration activities).*

The fundamental strategy for the Company in Q4 2013 remains as:

1. To deliberately limit itself to focus on two projects: **Wharekirauponga (WKP) and Neavesville** by a continued effort to delineate these resources within a 2-3 year timeframe.
2. With a two-project focus, a lean and resilient GEG will continue with strong austerity measures by reducing to core staff, whilst retaining key technical and management ability to oversee GEG's assets.

Progress on these aspects is as follows:

**Wharekirauponga (WKP) Gold Project** in Hauraki, New Zealand

*Newmont Waihi Gold (65%); Glass Earth Gold Limited (35%)*

The Hauraki Joint Venture commenced a significant exploration programme for 2013, focussing initially on the evaluation of the Eastern Graben Structure and to include a project-first resource estimate, metallurgical test work, rock engineering study, geophysics and a 2,500m diamond drill programme.

Progress on the exploration programme includes two deep drill-holes into the Eastern Graben structure (WKP 38, WKP 39). Currently these drill-holes have been logged and processed. Highlights of the drilling results include high grade zones of 1.5m at 20.9 g/t Au 0.5 metres at 26.4 g/t Au, and 0.8 metres at 9.77

Glass Earth Gold Limited - Management's Discussion and Analysis

For the nine months ended September 30, 2013

g/t Au. As well broad intersections of lower grade mineralisation include 517 metres at 0.46 g/t Au plus 454.5 metres of 0.46 g/t Au.

|        | From  | To    | Interval(m) | Au (g/t) | Ag (g/t) |
|--------|-------|-------|-------------|----------|----------|
| WKP 39 | 158.5 | 613   | 454.5       | 0.46     | 1.7      |
| incl.  | 273.2 | 274   | 0.8         | 9.77     | 23.6     |
|        | 582.2 | 583   | 0.8         | 5.92     | 21.1     |
|        | 609.6 | 610.3 | 0.7         | 6.46     | 36.6     |
| WKP 38 | 169   | 686   | 517.0       | 0.46     | 1.1      |
| incl.  | 196.7 | 197.2 | 0.5         | 26.4     | 21.2     |
|        | 233.5 | 234.5 | 1.0         | 5.56     | 13.2     |
|        | 300   | 301.5 | 1.5         | 20.9     | 6.9      |
| and    | 582   | 651.5 | 69.5        | 0.43     | 1.8      |

With the completion of drill holes 38 and 39, the Company has completed 9035m of drilling on the WKP property. The latest drill holes have targeted the Eastern graben structure which hosts mineralisation similar to the major gold mines in the vicinity, with continuing intersections of broad widths of modest grade, and narrow high grade individual intersections.

The area continues to tantalise with its significant volumes of mineralisation, however recent resource work points to the Central/Western zones as the most promising higher grade structures to concentrate further work.

Future technical work will be aimed at improving size and grade of the broader high grade T-Stream gold-silver vein system (Central and Western zones). The exploration team is encouraged by the high grade potential of the T-Stream system. Inferred resources, by zone, offering higher grade estimates; eg: Central zone 6.6 g/t Au, and Western zone 9.7g/t Au respectively, with significant expansion potential.

The objective is to expand the limits of these known higher grade veins, test the selected targets for the presence of additional mineralization, collect preliminary environmental background data, and conduct preliminary metallurgical testing to assist the preparation of future Mineral Resource estimates.

The WKP project, which has emerged as the company's flagship project, hosts a NI 43-101 mineral resource estimate of the inferred category of 260,000 ounces of gold at 6.2 g/t and 390,000 ounces of silver at 9.3 g/t, at a cut-off grade of 3.0 g/t of gold(news release 1 August 2013).

Roscoe Postle Associates Inc. ("RPA") was retained to complete independent resource estimates along with the requisite site and core logging appraisals, resulting in the filing on SEDAR of its National Instrument 43-101 Technical Report on the Mineral Resource Estimate for the Wharekirauponga (WKP) gold project, Hauraki Goldfield, New Zealand, on August 1, 2013.

The NI 43-101 compliant mineral resource estimate for the WKP gold project is shown in Table 1-1, and summarised below:

### Resource Summary WKP:

| Resource Category | Tonnes (Tx1000) | Grade Gold (g/t) | Grade Silver (g/t) | Contained Gold (ounces) | Contained Silver (ounces) |
|-------------------|-----------------|------------------|--------------------|-------------------------|---------------------------|
| <b>Inferred</b>   | <b>1,300</b>    | <b>6.2</b>       | <b>9.3</b>         | <b>260,000</b>          | <b>390,000</b>            |

### Neavesville Gold Project in Hauraki, New Zealand (*Glass Earth 50%*)

Located immediately north of the WKP project and Martha Mine, Hauraki, New Zealand.

Prior to work commencing land access arrangements with local Iwi landowners is required. These negotiations are currently stalled. An option payment of 850 oz of gold (or equivalent US\$'s or GEG shares – at GEG's election) is due by 31 December 2013. Negotiations to defer this payment deadline are underway.

GEG has undertaken a detailed review of the technical information, and put together a detailed and constructive exploration programme for implementation once access is granted.

Our geological team, with the assistance of specialist petrologist, Anthony Coote, re-logged key legacy drill holes of the Neavesville core in Waihi, focussing on the Trig Bluffs drilling, to assist in developing a new model of the mineral styles and deposit structure.

Following land access being granted, field work would be:

- re-interpret geological model & recalculate resource potential;
- Commence resource drill programme to update and improve confidence of resources ;
- follow-up on additional multiple gold/silver targets identified.

The Neavesville project offers the opportunity to have management and control over the development of a significantly advanced gold /silver project. The project also offers new targets to increase the size and potential of the prospect. In the vicinity of GEG's other Hauraki projects (WKP, Glamorgan, and Waihi West), Neavesville will focus GEG's exploration/development efforts in the region of Newmont Waihi Gold's, Martha Hill mining operations.

### PLACER Mining – Central Otago, New Zealand

In Q3 2013, the Company operated on a 24/7 basis for July and a 12/5 basis for August, ceasing mining operations on 30 August after concluding a sale of its mining operations and fleet as a going concern. Sales revenues from the truncated period totalled \$530,000, with mining costs and closure costs totalling \$1,012,000.

As advised prior, in an effort to achieve operational profit at the much lower prevailing gold prices, in early June the Company consolidated its Drybread operations to a single processing site and moved to 24/7 processing. After eight weeks this pattern was ceased, with frost and unprecedented local rainfall preventing cost-effective earthmoving over a 24-hour pattern. In late July operations were reduced to a 12/5 processing pattern, in order to maintain operations while a sale as a going concern was negotiated. The Company ceased mining on 30 August and the sale was settled in late September.

All remaining placer permits have been sold or relinquished thereby ceasing the Company's involvement in placer gold.

## **FINANCIAL**

As reported in the quarter to 30 June 2013, the Company made a strategic redirection of its exploration efforts to focus on the Hauraki region where WKP, Neavesville and Waihi West reside (all approximate to the Martha gold mine).

The Company faces a difficult time as it restructures its slimmed down operations and seeks to raise fresh capital in order to continue funding its WKP and Neavesville exploration programmes.

Management and the Board are in active discussions with investors to finance these two projects.

In this respect, the Company is seeking to restructure its operations in order to present a clearer and more compelling investment opportunity in the current investment sentiment phase.

### ***Hauraki Joint Venture*** (WKP prospect)

Negotiations are well advanced with Newmont Mining (65%) for Glass Earth (New Zealand) Limited (35%) to assume management of the Hauraki Joint Venture and sole fund exploration activities in order to increase its equity in the JV.

Outstanding cash calls of \$588,000 due to Newmont by GENZL as at 30 September 2013, would form part of the overall funding for the 2014 & 2015 exploration expenditures. Newmont has reserved its position in respect of the unpaid cash calls by issuing a Default Notice under the terms of the Hauraki Joint Venture Agreement ("JVA") on 17 October 2013. The JVA requires that the unpaid cash calls be remedied within 65 days or default dilution will occur (potentially up to a 20% reduction in GENZL's interest in the project).

### ***Neavesville Prospect*** (GENZL was 50% - now 100%)

As from 6 November 2013, the Company has regained 100% ownership of the Neavesville prospect opportunity. Negotiations are underway with Eurasian Minerals to amend the terms of the Option Agreement – primarily to extend the payment deadline of 31 December 2013 for an option payment of 850 oz gold (or equivalent US\$'s or GEG shares – at GEG's election).

### ***Placer Creditors in New Zealand***

On 5 November 2013, creditors of Glass Earth Mining Limited's placer operations, totaling \$620,000, agreed to accept a mixture of immediate payment and deferred payment terms (up to 31 December 2014) while the Company refinances.

### ***Corporate Refinancing***

The Company, in common with many junior gold explorers, needs to refinance. Management and the Board are actively pursuing avenues of financing as well as the restructuring referred to above. Funding is required for its continuing hard-rock activities and cover General & Administration expenses.

The cash position, as at September 30 2013, was \$423,000 with Trade Payables totalling \$1,368,000 of which \$1,208,000 are discussed separately above.

## Contents

|                                                              |    |
|--------------------------------------------------------------|----|
| INTRODUCTION .....                                           | 6  |
| Qualified Person.....                                        | 6  |
| CORPORATE HISTORY AND NATURE OF THE BUSINESS .....           | 6  |
| BOARD OF DIRECTORS AND MANAGEMENT .....                      | 7  |
| CAPITAL TRANSACTIONS AND SIGNIFICANT EVENTS .....            | 7  |
| GLASS EARTH EXPLORATION REGIONS.....                         | 8  |
| EXPLORATION SUMMARY & UPDATES.....                           | 9  |
| <b>Wharekirauponga (WKP) Hauraki Region</b> .....            | 9  |
| <b>Neavesville - Hauraki Region</b> .....                    | 12 |
| <b>Neavesville Historic Mineral Resource Estimates</b> ..... | 13 |
| Muir's Prospect .....                                        | 15 |
| Otago Region.....                                            | 16 |
| Garibaldi Prospect .....                                     | 16 |
| Ophir Gold Project .....                                     | 16 |
| Placer Exploration .....                                     | 17 |
| FINANCIAL COMMENTARY .....                                   | 17 |
| Exploration Expenditures .....                               | 19 |
| Other Matters .....                                          | 22 |
| SUBSEQUENT EVENTS.....                                       | 24 |
| OUTLOOK.....                                                 | 25 |
| RISKS, UNCERTAINTIES AND OTHER ISSUES.....                   | 26 |
| SUPPLEMENTAL TO THE FINANCIAL STATEMENTS.....                | 29 |
| Outstanding Share and Option Data .....                      | 29 |
| FORWARD-LOOKING STATEMENTS .....                             | 30 |

## INTRODUCTION

This discussion and analysis of the operating results and financial condition of Glass Earth Gold Limited ("**Glass Earth**", or the "**Company**") for the three months ended September 30, 2013, as prepared on November 28, 2013, should be read in conjunction with the audited financial statements and related notes for the year to 31 December 2012 and is intended to provide the reader with a review of the factors that affected the Company's performance during the nine months ended September 30, 2013 and the factors reasonably expected to impact future operations and results.

These unaudited financial statements and related notes of Glass Earth have been prepared in accordance with accounting principles that comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. The financial statements are expressed in Canadian dollars. All amounts in this report are also in Canadian dollars, except where otherwise indicated.

### Qualified Person

The Glass Earth exploration programs are carried out under the supervision of Glass Earth's President and Chief Executive Officer, Simon Henderson. Mr Henderson (MSc Geology (CODES)), is an AusIMM Chartered Professional under the Discipline of Geology and is a Qualified Person as defined by National Instrument 43-101. He has reviewed and approved the technical information given in this document.

## CORPORATE HISTORY AND NATURE OF THE BUSINESS

The principal activity of Glass Earth is exploration for gold and silver in New Zealand. Large airborne geophysics campaigns in 2005 (Hauraki & Central Volcanic Regions) and 2007 (Otago Region) have been followed up with ground-based exploration and drilling. The initial minerals permits covered extremely large areas and have been progressively reduced in size, as required by the permitting regime, with priority target areas retained.

The advancing stage of exploration at Wharekirauponga (WKP) and the potential of the historical mineral estimates of Neavesville are focusing management on resource delineation and development on these two projects.

### Hauraki Goldfield

The Hauraki Goldfield in the Coromandel Region contained over 50 separate mineral deposits within a zone approximately 40km wide and 200km long. The majority of these are epithermal quartz vein gold-silver deposits hosted in Tertiary volcanics (Christie A. B., 2006). The largest mineral deposits are the gold-silver deposits at Waihi (Martha and Favona), Thames, Karangahake and Golden Cross. These deposits account for over 85% of the Au-Ag bullion produced from the Hauraki Goldfield (Theron, 2011).

**Wharekirauponga (WKP)** and **Neavesville** are two epithermal quartz vein gold-silver prospects within this district, where GEG has joint ventures with Newmont Waihi Gold on the WKP and Waihi West prospects, and an option-to-purchase agreement with Eurasian Minerals Inc, who holds the rights to the Neavesville prospect.

## BOARD OF DIRECTORS AND MANAGEMENT

Current directors are:

- **Simon Henderson** (President and CEO);
- **John Dow** (independent non-executive Chairman);
- **Peter Liddle** (CFO);
- **Adrian Fleming** (independent non-executive director )

All based in New Zealand, and

- **Justin Cochrane** (independent non-executive director - Vancouver, Canada)
- **Paul C Jones** (independent non-executive director – Colorado, USA)

## CAPITAL TRANSACTIONS AND SIGNIFICANT EVENTS

### Capital Transactions

In **December, 2012**, 21,844,750 common shares were issued for 16 cents per Unit, each Unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.

On **February 15, 2013**, the third and final tranche of the above mentioned private placement was completed. 1,884,500 common shares were issued for 16 cents per Unit, each Unit consisting of one common share and one share purchase warrant. Each warrant entitles the holder to purchase one additional common share at a price of 25 cents per share for a period of two years following the date of issue of the Units.

## GLASS EARTH EXPLORATION REGIONS

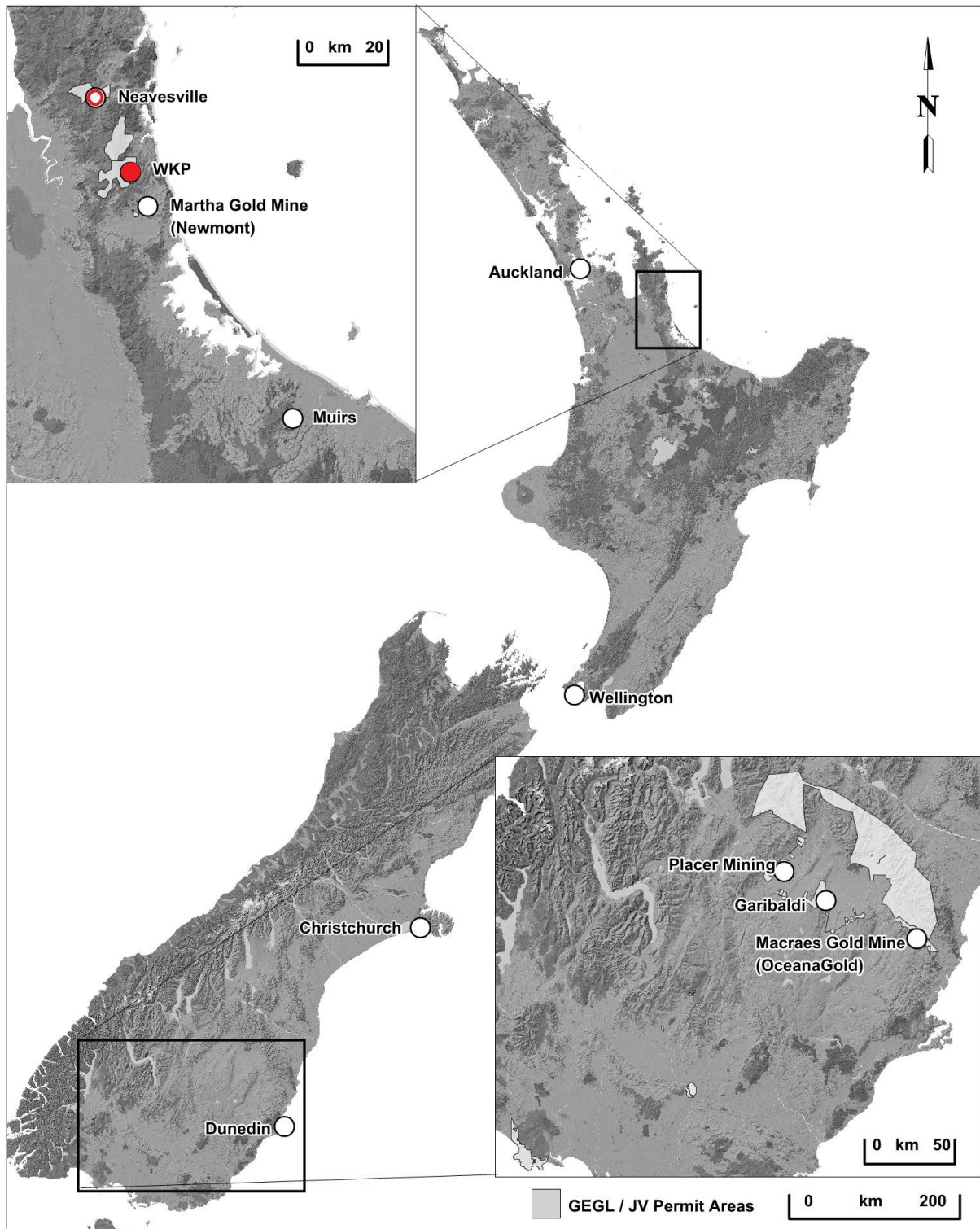


**Figure 1: Glass Earth Gold Project Locations**

## EXPLORATION SUMMARY & UPDATES

Further detailed information and history has been reported in the annual MD&A report for the year ended December 31, 2012 and more recently, in the MD&A report for the period ended 30 June 2013.

The Company's exploration activities are carried out solely in New Zealand by its wholly-owned subsidiary, Glass Earth (New Zealand) Limited ("**GENZL**"). Since 2005, GENZL established a portfolio of gold prospecting and exploration permits in New Zealand, now focussed on advanced gold prospects WKP and Neavesville in the Hauraki area;

Glass Earth Gold is now entering into a new phase of exploration and development. Key to management's strategy is a re-focusing on its primary gold development opportunities (ie: WKP and Neavesville gold-silver projects).

Management has undertaken a rigorous reassessment of all its exploration targets and enveloping permit holdings, resulting in a pruning of all greenfield targets and associated permits and initiating austerity measures to ensure the advancement of resources definition on its most prospective projects.

In Q3 the Company withdrew from placer mining operations and exploration, by selling its Drybread operations and transferring or relinquishing all placer gold-related permits.

### Wharekirauponga (WKP) Hauraki Region

Following the compilation of legacy data and the airborne survey campaigns in 2005, numerous targets were identified and prioritized for in-depth exploration.

In February 2007, Glass Earth entered into Joint Venture arrangements with Newmont Mining over three areas (the Northern, Central and Southern Areas). In 2008 and 2009, Newmont undertook several drilling campaigns and in 2010 completed its earn-in of 65% in respect of the Northern and Central areas and withdrew from the Southern area (which Glass Earth also relinquished).

#### **Wharekirauponga (WKP) Prospect** (Glass Earth 35%: Newmont 65%)

In January 2013, the Company lodged an **NI 43 101 Technical Report on the Exploration at the Wharekirauponga (WKP) Project Hauraki Goldfield, New Zealand** (Prepared by Peter Grieve for Glass Earth Gold Limited).

That report supersedes previous annual and quarterly updates and provides a comprehensive technical report on exploration up until December 2012.

**The HJV commenced a significant exploration programme for 2013**, focussing initially on the evaluation of the Eastern Graben Structure and to include a project-first resource estimate, metallurgical test work, rock engineering study, geophysics and a 2,500m diamond drill programme.

Progress on the exploration programme includes two deep drill-holes into the Eastern Graben structure (WKP 38, WKP 39). Currently these drill-holes have been logged and processed. WKP38 tested the EG Structure 200m to the north of WKP35 and intercepted pyritic breccias and minor quartz veining in the target zone. In WKP39 the target EG structure was intercepted at 609.6m comprising a sulphide rich quartz poor breccia on the rhyolite andesite contact that returned 0.7m @ 6.5g/t Au 36.6g/t Ag. A hanging wall quartz pyrite vein to the EG structure returned 0.8m @ 5.9g/t Au from 582.2m. The EG intercept is approximately -200m asl (c.f. the base of "stockwork zones" around -30m asl). Noteworthy is the elevated Ag with depth, and concomitant increase in As and Sb proximal to the EG structure.)

Glass Earth Gold Limited - Management's Discussion and Analysis

For the nine months ended September 30, 2013

Highlights of the drilling results include high grade zones of 1.5m at 20.9 g/t Au 0.5 metres at 26.4 g/t Au, and 0.8 metres at 9.77 g/t Au. As well broad intersections of lower grade mineralisation include 517 metres at 0.46 g/t Au plus 454.5 metres of 0.46 g/t Au.

|        | From  | To    | Interval(m) | Au (g/t) | Ag (g/t) |
|--------|-------|-------|-------------|----------|----------|
| WKP 39 | 158.5 | 613   | 454.5       | 0.46     | 1.7      |
| incl.  | 273.2 | 274   | 0.8         | 9.77     | 23.6     |
|        | 582.2 | 583   | 0.8         | 5.92     | 21.1     |
|        | 609.6 | 610.3 | 0.7         | 6.46     | 36.6     |
| WKP 38 | 169   | 686   | 517.0       | 0.46     | 1.1      |
| incl.  | 196.7 | 197.2 | 0.5         | 26.4     | 21.2     |
|        | 233.5 | 234.5 | 1.0         | 5.56     | 13.2     |
|        | 300   | 301.5 | 1.5         | 20.9     | 6.9      |
| and    | 582   | 651.5 | 69.5        | 0.43     | 1.8      |

With the completion of drill holes 38 and 39, the Company has completed 9035m of drilling on the WKP property. The latest drill holes have targeted the Eastern graben structure which hosts mineralisation similar to the major gold mines in the vicinity, with continuing intersections of broad widths of modest grade, and narrow high grade individual intersections.

The area continues to tantalise with its significant volumes of mineralisation, however recent resource work points to the Central/Western zones as the most promising higher grade structures to concentrate further work.

Future technical work will be aimed at improving size and grade of the broader high grade T-Stream gold-silver vein system (Central and Western zones). The exploration team is encouraged by the high grade potential of the T-Stream system, resources by zone offering higher grade estimates; Central zone 6.6 g/t Au, and Western zone 9.7g/t Au respectively, with significant expansion potential.

The objective is to expand the limits of these known higher grade veins, test the selected targets for the presence of additional mineralization, collect preliminary environmental background data, and conduct preliminary metallurgical testing to assist the preparation of future Mineral Resource estimates.

The WKP project, which has emerged as the company's flagship project, hosts a NI 43-101 mineral resource estimate of the inferred category of 260,000 ounces of gold at 6.2 g/t and 390,000 ounces of silver at 9.3 g/t, at a cut-off grade of 3.0 g/t of gold(news release 1 August 2013).

Roscoe Postle Associates Inc. ("RPA") were retained to complete independent resource estimates along with the requisite site and core logging appraisals resulting in the filing on SEDAR ([www.sedar.com](http://www.sedar.com)) its National Instrument 43-101 Technical Report on the Mineral Resource Estimate for the Wharekirauponga (WKP) gold project, Hauraki Goldfield, New Zealand, on 1 August 2013.

For the nine months ended September 30, 2013

The NI 43-101 compliant mineral resource estimate for the WKP gold project is shown in Table 1-1, and summarised below:

**Resource Summary WKP:**

| Resource Category | Tonnes (Tx1000) | Grade Gold (g/t) | Grade Silver (g/t) | Contained Gold (ounces) | Contained Silver (ounces) |
|-------------------|-----------------|------------------|--------------------|-------------------------|---------------------------|
| <b>Inferred</b>   | <b>1,300</b>    | <b>6.2</b>       | <b>9.3</b>         | <b>260,000</b>          | <b>390,000</b>            |

The report was prepared by Roscoe Postle Associates Inc., a consulting firm which has been retained by the HJV to prepare the Mineral Resource estimate and a supporting independent Technical Report on WKP. This Technical Report conforms to NI 43-101 Standards of Disclosure for Mineral Projects.

RPA estimated Mineral Resources for the WKP deposit using drill hole data available to May 31, 2013. A total of 38 holes have been drilled on the property. At a cut-off grade of 3.0 g/t Au and a true thickness of 1.5 m, Inferred Mineral Resources are estimated to total 1.3 million tonnes at an average grade of 6.2 g/t Au and 9.3 g/t Ag for a total of 260,000 ounces of gold and 390,000 ounces of silver (Table 1-1).

Table 1-1 Mineral Resource Report by Zone, May 31, 2013  
Newmont Waihi Gold – Wharekirauponga Project

| INFERRED MINERAL RESOURCES |             |       |          |        |          |
|----------------------------|-------------|-------|----------|--------|----------|
| Zone                       | Tonnage     | Gold  | Gold     | Silver | Silver   |
|                            | (T x 1,000) | (g/t) | (ounces) | (g/t)  | (ounces) |
| Central                    | 800         | 6.6   | 170,000  | 10.5   | 270,000  |
| Eastern                    | 430         | 4.8   | 66,000   | 7.5    | 100,000  |
| Western                    | 90          | 9.7   | 27,000   | 7.8    | 20,000   |
| Total                      | 1,300       | 6.2   | 260,000  | 9.3    | 390,000  |

*Notes:*

*CIM definitions were followed for Mineral Resources.*

*Mineral Resources are estimated at a cut-off grade of 3.0 g/t Au.*

*Mineral Resources are estimated using a long-term gold price of US\$1,500/oz.*

*A minimum mining width of 1.5 m was used.*

*Bulk density is 2.4 t/m<sup>3</sup>.*

*Numbers may not add due to rounding.*

## GEOLOGICAL FEATURES

The deposit was discovered within a large, low-sulphidation epithermal system, which, in the opinion of RPA, is believed capable of hosting a major gold deposit.

WKP is a typical adularia-sericite low-sulphidation epithermal quartz vein-hosted gold and silver deposit. Gold occurs as electrum, argentite, and possible silver telluride minerals with pyrite, argentiferous pyrite, and arsenopyrite. Three main zones are defined by CSAMT resistivity anomalies, Eastern (including the EG structure), Central (including T-Stream), and Western zones. The Eastern Zone was the focus of exploration by previous owners in the 1980s and 1990s. Recent drilling by the HJV was successful in identifying additional mineralization in the Central Zone including the T-Stream breccia vein, the Eastern EG structure, and the Western Zone. The recently discovered T-Stream breccia vein and EG structure

For the nine months ended September 30, 2013

show the best promise for additional resources, as they host a style of mineralization similar to major gold mines in the vicinity, namely Martha, Favona, and Golden Cross.

Diamond drilling has outlined vein mineralization that demonstrates three-dimensional continuity, thickness, and grades that can potentially be extracted economically.

The Mineral Resources are contained within discrete vein structures within five mineralized vein domains. Given the broad spaced drilling and style of mineralization, all Mineral Resources were classified as Inferred. Although wireframe models and block grades have been interpreted to distances of 200 m, only blocks within 40 m of a drill hole were reported. There are no Mineral Reserves estimated on the Property.

RPA believes that additional exploration activities are warranted, including 4,500m of drilling, for a budget of NZ\$ 3.5 million. The objective is to expand the limits of the known veins, test the selected targets for the presence of additional mineralization, develop new exploration targets, collect preliminary environmental background data, and conduct preliminary metallurgical testing to assist the preparation of future Mineral Resource estimates.

The independent technical report, entitled "NI 43-101 Technical Report on the mineral resource estimate for the Wharekirauponga (WKP) Gold Project, Hauraki, New Zealand" was prepared by **David Ross, P.Geo. Principal Geologist with Roscoe Postle Associates Inc. Toronto.**

Separately, at **Waihi West** (adjacent to the Martha gold/silver mine owned by Newmont), pursuant to a 2006 Joint Venture agreement, Newmont has undertaken preparatory exploration and drilled 4 holes into this permit area, with modest results. As at 30 September 2013, Newmont had expended approximately 71% of the funds required for it to earn an initial 60% equity in this permit.

## **Neavesville - Hauraki Region**

On 19th November 2012, **Glass Earth Gold** announced that it has executed an Option agreement with Eurasian Minerals Inc to purchase Eurasian Minerals subsidiary, Hauraki Gold Limited, which holds the exploration permits for the **Neavesville** prospect (immediately north of the WKP prospect and Martha Mine, Hauraki, New Zealand).

The Neavesville prospect consolidates a 30km<sup>2</sup> area of prospective ground in the Hauraki Goldfield under exploration permits 52-759 and 51-767.

Neavesville has been actively explored by a number of exploration companies from the 1970s through 2007, including Amoco (Cyprus), CRA, Homestake, City Resources, Normandy, and Newmont. Work conducted includes:

- 63 diamond holes totalling over 8,900m of drilling,
- more than 1,400 rock samples,
- soil sampling grids, and
- numerous campaigns of geophysical surveys (magnetics, gravity, EM, etc.).

The largest of the gold systems defined by the historical drilling and surface geochemistry is centred on Trig Bluffs where epithermal gold mineralisation is developed in a large multiphase breccia complex that

For the nine months ended September 30, 2013

cuts faulted volcanic and minor sedimentary sequences, with gold/silver mineralisation developed along steeply dipping low sulphidation quartz-adularia veins, and as pervasive and stockworks in breccia and dacite porphyry.

#### Neavesville Historic Mineral Resource Estimates

GEGL states the historical resource estimate in accordance with NI 43-101 section 2.4 as follows:

- near-surface, historic resource estimate for the "upper zone" mineralization reported as 3.2 million tonnes averaging 2.7 g/t gold and 8.9 g/t silver, containing 289,000 ounces of gold and 944,000 ounces of silver; and
- deeper, potentially underground historic resource estimate reported as 0.47 million tonnes averaging 7.1 g/t gold and 20.7 g/t silver containing 95,760 ounces of gold and 312,785 ounces of silver.

(a) By the (New Zealand) Institute of Geological and Nuclear Sciences was contained in Assessment of gold-silver prospects at Pakirarahi, Coromandel Peninsula for Pakirarahi No. 2 Trust By R.L. Braithwaite, PhD, Member AusIMM - Prepared for Pakirarahi No. 2 Trust Institute of Geological and Nuclear Sciences client report no: 1999/45 April 1999 (Amended November 2001) .

(b) The historical estimate is considered reliable, and is relevant as an indication of the approximate size of the gold deposit being targeted for further drill exploration.

(c) the historic resource estimate for both "upper zone" and "potential underground" was estimated manually following industry standard procedures. This is based on:

- Drawing on drillhole cross sections an outline of a gold mineralised zone defined by grade/width intercepts that are potentially economic for an open pit mine using a cut-off grade of 0.7 g/t Au as a guide.
- Calculation of the cross-sectional area of the mineralised zone on three cross sections 50m apart, centred at 66000N.
- The sectional area as defined by the boundaries of gold zone in the drillhole intersections were subdivided into rectangular areas that extend halfway to the next drillhole (usually 25m) on the same section. The composite grade of continuously mineralised drillhole intercepts were assigned to estimated true thickness, e.g. 1.83 g/t Au over 65m in NDDH30. This grade was assigned to each rectangular area to calculate a weighted grade. The rectangular areas were summed for each section.
- Sectional areas were then converted to volumes by assuming that a block of mineralisation extends halfway to the next section plus an assumed extra 50m extending beyond the last drillhole intercept.
- The volumes for each of the blocks were aggregated and converted to tonnes by using a density of 2.5 tonnes per cubic metre. This density is an approximate average value for the type of mineralised rock present at Trig Bluffs, but would need to be measured accurately by direct measurement for an Indicated or Measured Mineral Resource estimate.
- The average grade is the weighted according to the volume of the different blocks.

(d) The resource estimates were carried out to JORC standard, and was stated as "inferred Mineral Resource", in the authors opinion the inferred status used in this instance is the same as CIM standards on Mineral Resources and Reserves.

(e) There are no more recent estimates available to the issuer.

(f) Check assaying, re-logging of existing core, and remodeling of the existing data would be sufficient to verify the historical estimate as current inferred resources.

Considerable drilling, additional metallurgical and geotechnical studies are recommended by the historical author (R L Braithwaite) to raise the confidence in the resource estimate to "indicated Mineral Resource".

(g) A qualified person has not done sufficient work to classify the historical estimate as current mineral resources; and GEGL is not treating the historical estimate as current mineral resources.

The Neavesville project offers the opportunity to have management and control over the development of a significantly advanced gold /silver project, with an already established JORC compliant resource with the immediate objective to update and improve the potential of the existing Trig Bluff resource. The project also offered tantalising new targets to increase the size and potential of the prospect. In the vicinity of GEG's other Hauraki projects (WKP, Glamorgan, and Waihi West) Neavesville will focus GEGL's exploration/development efforts in the region of Newmont Waihi Gold's Martha Hill mining operations".

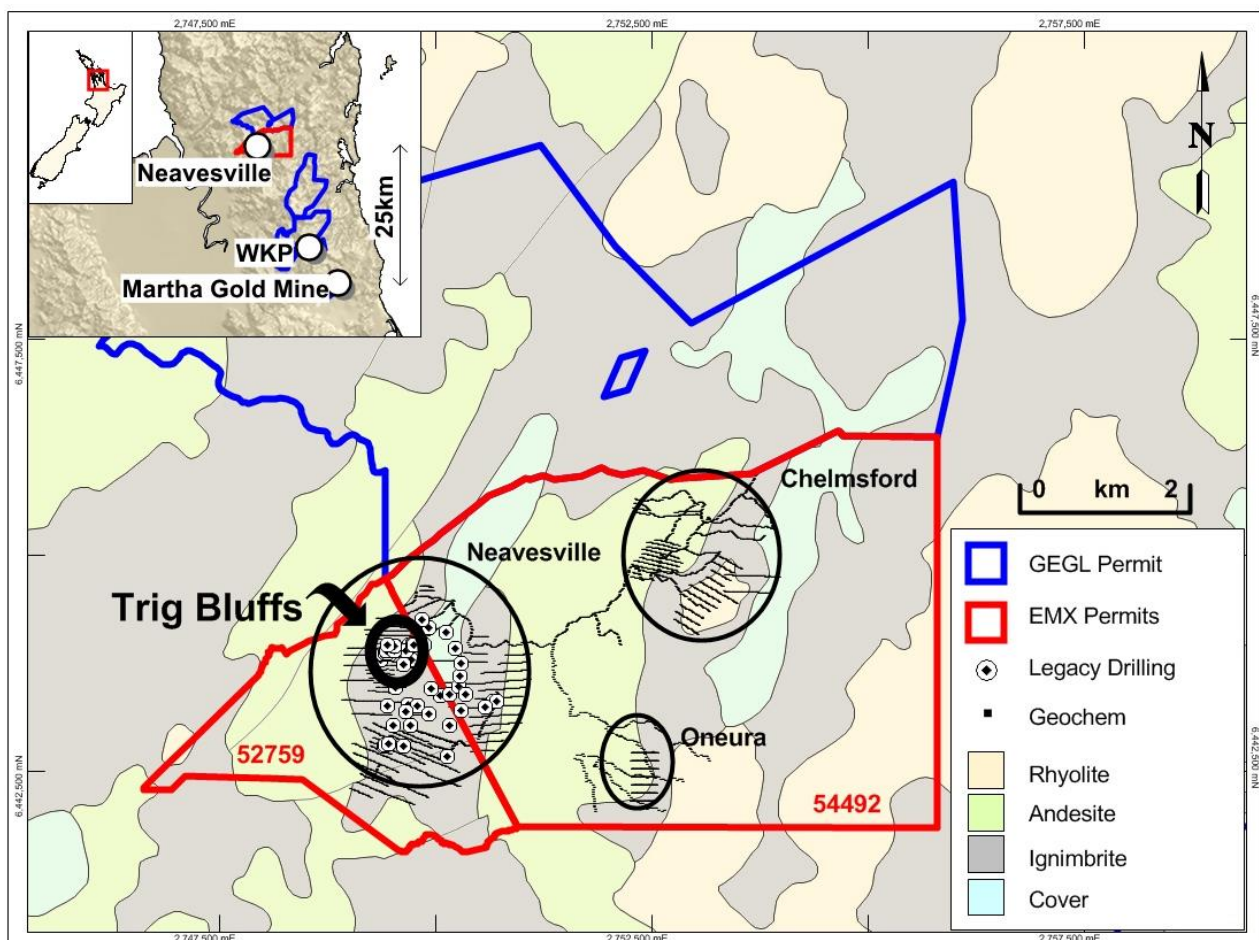


Figure 2: Neavesville Location

### Work for the Quarter

Negotiations appear to have stalled on gaining land access. GEG had meanwhile undertaken a detailed review of the technical information and put together a detailed and constructive exploration programme for implementation as access is granted.

Two geologists and two field technicians, with the assistance of specialist petrologist, Anthony Coote, re-logged key legacy drillholes of the Neavesville core in Waihi, focussing on the Trig Bluffs drilling, to assist in developing a new model of the mineral styles and deposit structure. A Niton XRF analyser was trialled, as well as resampling of selected mineralised drill core for check assaying.

### Forecast Work

- Restart/Finalise Land Access Agreements; Re-interpret geological model and recalculate resource potential;
- Commence resource drill programme to update and improve confidence of resources;
- Follow-up on additional multiple gold silver targets identified.

## RELINQUISHED PROSPECTS – the following prospects have been relinquished this year

### Muirs Prospect (*Glass Earth 100%*)

Glass Earth inherited this project with the take-over of HPD New Zealand Ltd, to secure tenure to the key Hauraki projects that we ranked highly (WKP, Glamorgan etc).

As an outcropping classic low-sulphidation epithermal gold system with 48 drill holes defining some interesting and potentially economic grade intersections, this project ranked high on our targeted ranking system. After a considerable length of time and negotiations, GENZL completed a five year exploration access agreement with the land owners, which expired in June 2013.

GENZL followed up on the existing data by completing several detailed resistivity surveys and through a series of diamond and percussion drilling programmes tested the major vein systems (**Muirs Reef** and **Massey Reef**) and combined geochemical/resistivity targets on structures to the east and west of the major vein systems.

Diamond drilling on the **Muirs Reef** did not improve on the existing data; several diamond holes targeting the more impressive existing gold intersections were not replicated and individual narrow gold intercepts did not reinforce strong coherent mineralisation within this vein system.

Drilling on the **Massey Reef**, where shallow addits and outcropping veins had significant widths of good grade, failed to improve on grade distribution at depth, and the average tenor of 15-20m of 1.3-1.5 gm/t Au failed to excite.

Surface pitting, mapping combined with resistivity surveying indicated a significant length to the Massey system; however subsequent drilling at depth did not demonstrate width or grade improvements.

The 2012 year ended with the delivery in January 2013 of the NI 43-101 Technical Report on Resources at Muir's Project, Te Puke, Bay of Plenty, New Zealand (Prepared by Peter Grieve for Glass Earth Gold Limited). This provides a comprehensive report of the exploration of the Muirs and Massey Reef gold systems, and includes all of GEG's work to the 31 December 2012.

Exploration by Glass Earth Gold Limited (GEG) at the Muir's Project in the Hauraki Goldfield in New Zealand's North Island outlined an **inferred resource of 5.24 Mt averaging 1.3 g/t gold using a 0.5 g/t gold cut off for a total of 219,000 ounces of gold.**

The GEG Board is of the opinion that such a small low grade resource, likely to be further constrained by economic recovery factors, does not pass the threshold of a potentially economic target to pursue.

Accordingly, this prospect was relinquished.

## Otago Region

GEG's focus is now firmly on its two major epithermal gold –silver projects in the Hauraki Region. The last year has been a transition away from the more regional exploration in the Otago and this has impacted on the follow-up of new discovery Garibaldi.

### Garibaldi Prospect (*Glass Earth 100%*)

**In April 2013 a 9 hole RAB drill programme was completed at Garibaldi** to test the down-dip and along-strike widths and grade of potential gold mineralization.

Logging and Niton analysing of the percussion chips revealed narrow quartz veins and anomalous arsenic results. The drill samples have not been analysed. GENZL retains 1 kg splits of the drill samples and the drill chip sample trays for this project.

Whilst a technical success, the tenor of the quartz veining, and the style of mineralisation exhibited in drill chips was not encouraging. GEG geologists conclude this prospect has technical merit, but does not exhibit the size and character to host a significant gold project.

Accordingly, this prospect was relinquished.

### Ophir Gold Project (*Glass Earth 50%*)

As advised in the first quarter 2013, this project and tenements associated with the project have been transferred to the Joint Venture partner Ophir Gold Limited.

## Other Prospects

GEG's newly granted **prospecting permit 53 297 covers the Kakanui and Hawkdun ranges of North Otago**. A first pass stream sediment sampling program was undertaken to test each major catchment for gold, refining smaller areas for follow-up geochemical testing.

Results of the work to date detected gold in many of the catchments and, in the large majority of the catchments, this gold looks primary (ie: it appears to have been sourced from a lithology in the catchment bearing gold). In addition, in several of the drainages significant volumes of clearly

For the nine months ended September 30, 2013

transported/alluvial gold has been detected, in particular in the Kyburn and Buster areas, known for historical alluvial workings (as expected, but importantly to distinguish between primary and secondary gold). The interim analysis of the results certainly suggest that there is technical merit in the hypothesis, however the lack of a cluster of higher results suggest that whilst there is definitely a gold presence, we have yet to detect a significant concentration that suggests an economic target to pursue.

Accordingly, this prospect was relinquished.

In addition to stream sediment sampling, three soil sampling grids completed on **GEGL's Moeraki permit** highlighted extensions of peripheral shears on the Hydes-Macraes shear zone (immediately north of Oceana Gold's Macraes gold mine). GEG geologists conclude this prospect has technical merit, but does not exhibit sufficient arsenic and gold anomalism warrant further investment of funds.

Accordingly, this prospect was relinquished.

### **Placer Exploration** *(Glass Earth 100%)*

The Company undertook only limited exploration for placer gold deposits in Q2 based on the ongoing lack of profitability realised from mining operations. In Q3, the Company either relinquished or sold all remaining permits.

For the nine months ended September 30, 2013

## FINANCIAL COMMENTARY

The Company prepares and files its financial statements and related notes in accordance with accounting principles that comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

### Selected Annual Information

|                                                  | Year ended December 31 |         |         |
|--------------------------------------------------|------------------------|---------|---------|
|                                                  | 2012                   | 2011    | 2010    |
| \$000s except for per share                      |                        |         |         |
| Total revenue                                    | 2,976                  | 752     | 584     |
| Net loss                                         | (11,135)               | (1,714) | (1,467) |
| Loss per share – basic and diluted (cents)       | (0.15)                 | (0.03)  | (0.03)  |
| Total assets                                     | 17,894                 | 19,480  | 17,809  |
| Total long-term liabilities                      | 698                    | 72      | 109     |
| Distribution or cash dividend declared per share | -                      | -       | -       |

Variations as between the years are commented on elsewhere in this report.

### Summary of Quarterly Results

Quarterly results for the past eight quarters ending September 30, 2013 are as follows:

| \$000s                             | 2013    |          |        | 2012    |         |         |         | 2011   |
|------------------------------------|---------|----------|--------|---------|---------|---------|---------|--------|
|                                    | Q3      | Q2       | Q1     | Q4      | Q3      | Q2      | Q1      | Q4     |
| Cash                               | 423     | 205      | 1,192  | 2,621   | 522     | 1,579   | 2,369   | 3,614  |
| Working capital                    | (1,214) | (1,641)  | (388)  | 716     | (1,216) | 165     | 121     | 3,399  |
| Total assets                       | 4,409   | 5,432    | 16,826 | 17,894  | 16,231  | 16,674  | 22,722  | 19,480 |
| (Loss) for period                  | (567)   | (11,285) | (820)  | (2,183) | (456)   | (7,260) | (1,236) | (758)  |
| Loss per share (cents)             | (0.54)  | (10.68)  | (0.79) | (1.89)  | (0.57)  | (10.42) | (1.86)  | (1.23) |
| Mineral exploration                | 307     | 513      | 428    | 433     | 694     | 877     | 4,029   | 630    |
| Cash flow from financing (net)     | -       | -        | 17     | 3,635   | 177     | 2,309   | -       | (37)   |
| Weighted average shares (millions) | 105.7   | 105.7    | 104.7  | 75.6    | 68.1    | 68.1    | 66.6    | 61.5   |

With all general and administration expenses being expensed, the Company records losses each quarter/year arising from the expensing of these cash operating costs as well as any write-off of exploration expenditures and other non-cash expense items.

Periodic reviews of capitalized exploration expenditures are undertaken and write-offs and provisions are expensed to the Consolidated Statement of Comprehensive Income.

For the nine months ended September 30, 2013

## Exploration Expenditures

Mineral exploration costs form the bulk of the Company's expenditures together with placer mining development costs. Exploration activities were predominantly at WKP – part of the Hauraki JV with Newmont (Glass Earth 35%). Narrative descriptions of exploration activities for the year (and prior years) are set out in the previous sections.

The significant write-off of capitalized exploration expenditures in 2012 and 2013 are discussed in some depth in the respective 2012 and 2013 MD&A's. Summaries of exploration efforts over the years and the rationale for the relinquishment of virtually all projects apart from WKP and Neavesville are discussed in the previous sections.

**The financial effects of these decisions were incorporated into the Impairment and Provisions of Mineral Properties as per below and in the Consolidated Statement of Comprehensive Income for the quarter ending 30 June 2013 (Q2).**

Exploration expenditures have accumulated as set out in the Table below:

|                                               | Quarters Ending |                 |                 |                 |
|-----------------------------------------------|-----------------|-----------------|-----------------|-----------------|
|                                               | Dec 31,<br>2012 | Mar 31,<br>2013 | Jun 30,<br>2013 | Sep 30,<br>2013 |
| Opening balance                               | 13,637          | 13,062          | 13,333          | 3,817           |
| Geological consulting, mapping and modeling   | 298             | 163             | 154             | 58              |
| License rentals                               | 64              | 82              | 8               | -               |
| Drilling                                      | 407             | 183             | 351             | 249             |
| Amortisation & Rehabilitation                 | (252)           | (157)           | (156)           | -               |
| Impairment & Provisions of Mineral Properties | (1,092)         | -               | (9,873)         | -               |
| Disposal of mineral permits                   | -               | -               | -               | (377)           |
| <b>Closing balance</b>                        | <b>13,062</b>   | <b>13,333</b>   | <b>3,817</b>    | <b>3,747</b>    |

The Company is focusing on the following key targets:

- **WKP** (35% GEGL; 65% Newmont) – NI 43 101 report issued - currently subject to a long term drilling campaign, latest assays awaited;
- **Neavesville** (50% GEGL until 6 November 2013, then 100%) – project near WKP.

For the nine months ended September 30, 2013

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

| Project          | Opening Balance | Expenditure to Sept, 2013 | Amortisation to Sept, 2013 | Impairment to Sept,2013 | Disposals Sept,2013 | Closing Balance |
|------------------|-----------------|---------------------------|----------------------------|-------------------------|---------------------|-----------------|
| <b>HARD ROCK</b> |                 |                           |                            |                         |                     |                 |
| Otago            | 2,695           | 80                        | -                          | (2,775)                 |                     | -               |
| Hauraki          | 2,888           | 756                       | -                          | -                       |                     | 3,644           |
| Waihi West       | 103             | -                         | -                          | -                       |                     | 103             |
| Mamaku - Muirs   | 2,759           | 15                        | -                          | (2,774)                 |                     | -               |
| Total Hard Rock  | <b>8,445</b>    | 851                       | -                          | <b>(5,549)</b>          |                     | <b>3,747</b>    |
| <b>PLACER</b>    |                 |                           |                            |                         |                     |                 |
| Otago            | 4,617           | 397                       | (313)                      | (4,324)                 | (377)               | -               |
|                  | <b>13,062</b>   | <b>1,248</b>              | <b>(313)</b>               | <b>(9,873)</b>          | <b>(377)</b>        | <b>3,747</b>    |

### Revenue from Placer Mining Operations

The Company received the following gross revenues from mining operations:-

|              | Quarters Ending |              |              |              |
|--------------|-----------------|--------------|--------------|--------------|
|              | Dec 31, 2012    | Mar 31, 2013 | Jun 30, 2013 | Sep 30, 2013 |
|              |                 |              |              |              |
| Gold sales   | 1,381           | 1,381        | 1,242        | 530          |
| <b>Total</b> | <b>1,381</b>    | <b>1,381</b> | <b>1,242</b> | <b>530</b>   |

A significant increase in the scale of mining operations took place in 2012, with the establishment of two additional mining units at Drybread in Otago, successively in May and June. The third, smaller operation was closed down.

Profitability remained elusive while operating at 2 sites during the day only and an attempted transition to a single site on a 24/7 basis, in early June, was unsuccessful, coinciding as it did, with record rainfall in Otago. In late July, the mining operations were reduced to a 12/5 basis allowing for preferential use of owned gear while a sale of the mining operations and fleet was concluded in late August and settled in late September.

**In Q3, the Company withdrew from placer mining operations and exploration, by selling its Drybread operations and transferring or relinquishing all placer gold-related permits. These assets were written down to estimated net realisable value and the loss included in the Consolidated Statement of Comprehensive Income for the 6 months to 30 June 2013.**

The operating loss for the 3 months ended 30 September 2013 was \$482,000.

### Significant Expenses of a Corporate Nature

The Net Loss before Income Taxes for the 9 months ended September 30, 2013 was \$12,911,000 (9 months September 30 2012: \$8,952,000). Placer mining accounted for \$6,932,000 of this loss.

## Glass Earth Gold Limited - Management's Discussion and Analysis

For the nine months ended September 30, 2013

Significant expense categories (apart from accumulated exploration write-offs and provisions) are discussed as per below:

| <b>Expenditure</b>                       | <b>2013</b> |  | <b>2012</b>  | <b>Note</b> |
|------------------------------------------|-------------|--|--------------|-------------|
| General and administration               | 185         |  | 208          | <b>1</b>    |
| Professional fees                        | 75          |  | 69           | <b>2</b>    |
| Net salaries (after exploration charges) | 186         |  | 190          | <b>3</b>    |
| Investor relations                       | 85          |  | 295          | <b>4</b>    |
| Consulting fees                          | 3           |  | 22           |             |
| Registry, Filing and Listing             | 50          |  | 71           |             |
| Travel and accommodation                 | 42          |  | 35           |             |
| Placer acquisition-related costs         | -           |  | 107          | <b>5</b>    |
| Depreciation                             | 15          |  | 14           |             |
| Stock-based compensation                 | -           |  | 556          |             |
| <b>Total</b>                             | <b>641</b>  |  | <b>1,567</b> |             |

Note

1. General and Administration costs include accounting services (\$76,000), insurance (\$37,000) and New Zealand office costs (\$54,000).
2. Professional fees are legal fees incurred during the period.
3. Net salaries after exploration recharges are principally composed of the costs of the full time Chief Financial Officer, most of the costs of the Data/IT manager, and 25% of the Chief Executive Officer's salary (to reflect the split between exploration activities and the other corporate based work that he undertakes).
4. In 2012, the Company stepped up its Investor Relations program, which covers the Canadian and European investor base (including London). The objective was to ensure that the market was fully informed of Glass Earth's progress as it entered an exciting time in its development path. This level of expenditure was reduced considerably, in the current market conditions.
5. The external legal fees and taxation advice costs related to the acquisition of placer activities.

## Liquidity and Capital Resources

As a mining exploration company, the Company's operations are dependent on its ability to raise financing and its ability to realize assets and discharge liabilities.

The Company, in common with many junior gold explorers, needs to refinance. Management and the Board are actively pursuing avenues of financing. Funding is required for its continuing hard-rock activities and to cover General & Administration expenses.

For the nine months ended September 30, 2013

The Company's cash position as at September 30, 2013 was \$423,000 (September 30 2012: \$522,000) with Trade Payables of \$1,368,000. Payment of \$1,208,000 of these Trade Payables is discussed under the Subsequent Events note on page 24.

The Company has reduced its staff down to its two senior executives who are taking significant salary sacrifices. The Company has reduced its non-exploration expenditures and efforts to reduce other liabilities are underway. The Company has a history of successive capital raisings (as is usual for an exploration company).

The Company's existing share, option and warrant capital structure is set out at the end of this report under the heading of "Supplemental to the Financial Statements".

### **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. The strengthening New Zealand dollar disguises some of the salary sacrifice in C\$ terms.

- a) Simon Henderson, CEO, received \$150,215 for the nine months ended September 30, 2013 (nine months ended September 30, 2012: \$158,769). Use of a motor vehicle, life and health insurance benefits are also provided.
- b) Peter Liddle, CFO, received \$117,879 for the nine months ended September 30, 2013 (nine months ended September 30, 2012: \$128,327). Use of a motor vehicle, life and health insurance benefits are also provided.

### **Other Matters**

#### **Use of Financial Instruments**

For the nine months to September 30, 2013, Glass Earth did not enter into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. The principal financial instruments affecting the Company's financial condition and results of operations are currently its cash, amounts receivable and prepayments, and accounts payable and accrued liabilities.

#### **Contractual Obligations and Commitments**

- a) At September 30, 2013 the Group had no capital commitments. (September 30, 2012: \$119,000).
- 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 Hauraki/Mamaku/CVR areas.
- c) Under the terms of non-cancellable operating leases, the Company is committed to rental payments of \$29,000 that fall due in the next 12 months (September 30, 2012: \$81,000).
- d) The Company has future multi-year work program obligations in order to maintain tenure of its mineral permits. These obligations include: - permit rentals, mapping, sampling, data compilation and modelling, geophysics, geochemical programs and drilling. The Company manages work programs relative to available funding and prioritization of targets by seeking to amend or defer certain work programs and to also reduce areas covered by permits.

- e) On 19 November, 2012 the Company announced that it had executed a Share Sale agreement with Eurasian Minerals Inc. securing the option to acquire the Neavesville prospect (immediately north of the WKP prospect and Martha Mine, Hauraki, New Zealand).

The Option provides for staged payments and obligations as follows:

1. Immediate reimbursement of recent exploration costs (C\$85,567);
2. Option payment of 850 oz. gold\* prior to 31 Dec 2013;
3. Drilling 5,000m and publication of an updated JORC/NI 43-101 compliant Resources Report within 24 months of the payment above or prior to 31 December 2015;
4. Exercise of the Option to purchase the shares in the company owning the Neavesville permits and execution of an agreement to pay amounts ("Deferred Consideration") equivalent to a 2% NSR on production from the permits;
5. Additional payments ("Additional Payments") at the rate of 75 oz. gold\* per annum, prior to exercise of the Option and 100 oz. gold\* after exercise of the Option, until production commences, whereupon the Deferred Consideration pertains and the Additional Payments paid are credited against 80% of the Deferred Consideration;
6. Upon the production of a JORC/NI 43 101 compliant feasibility study, supporting a decision to construct a mine, payment of gold\* in the ratio of 1:100 on all probable and proven reserves included in that report – up to a limit of 500,000 oz. on those and subsequently reported reserves, and with payment of gold\* on reserves above 500,000 oz. being in a reduced ratio of 1:200.

*\* gold payments may also be made in equivalent US\$'s at the then price of gold or in equivalent Glass Earth fully paid ordinary shares – the mode of payment to be at Glass Earth's election. Payment using Glass Earth shares would be subject to TSXV approval.*

Land access negotiations with Maori land owners are currently stalled. Under these circumstances, it is unlikely that the option payment in clause 2 above can be made. Negotiations are underway with Eurasian Minerals to amend the terms of the Option Agreement – primarily to extend the Option payment deadline.

## **Off-Balance Sheet Arrangements and Contingent Liabilities**

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

## **Critical Accounting Policies and Estimates**

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

The Company's significant accounting policies are those that affect its financial statements, and are summarized in Note 4 of the audited financial statements for the year ended December 31, 2012.

Critical accounting policies and estimates in the year included capitalization of the costs relating to the acquisition, exploration and development of non-producing resource properties and the recognition of impairment of those assets, the allocation of proceeds on the purchase or sale of assets, the valuation of stock based compensation and tax accounts, and contingent liabilities.

Actual results could differ from these estimates.

### **Mineral Properties**

The decision to capitalize exploration expenditures, and the timing of the recognition that capitalized exploration is unlikely to have future economic benefits, can materially affect the reported earnings of the Company. In line with accepted industry practice for exploration companies, the Company has adopted the policy of deferring property specific acquisition, exploration and development costs. Deferred costs relating to properties that are relinquished, or where continued exploration is deemed inappropriate, are written off in the year such assessment is made. If Glass Earth adopted a policy of expensing all exploration costs, the Company's asset base, shareholders' equity, and loss from operations would be materially different. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. The cost of mineral properties includes any cash consideration paid, and the fair market value of shares issued on the acquisition of property interests, if any. The recorded amounts represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews capitalized costs on its property interests on a periodic, or at least annual, basis and will recognize an impairment in value based upon current exploration results and upon management's assessment of the future probability of profitable revenues from the property or from the sale of the property. Management's assessment of the property's estimated current fair market value may also be based upon a review of other property transactions that have occurred in the same geographic area as that of the property under review.

### **Asset Retirement Obligations**

The Company is required to record a liability for the estimated future costs associated with legal obligations relating to the reclamation and closure of its exploration, development or mining properties. This amount is initially recorded with subsequent annual recognition of an accretion amount. An equivalent amount is recorded as an increase to mineral properties and deferred exploration costs and amortized over the useful life of the properties.

The Company has modest obligations relating to the reclamation of its placer mining properties and has provided for these in the financial statements.

## **SUBSEQUENT EVENTS**

The Company is seeking to restructure its operations in order to present a clearer and more compelling investment opportunity in the current investment sentiment phase, attributable to the much reduced gold price.

### **1. Hauraki Joint Venture (WKP prospect)**

Negotiations are well advanced with Newmont Mining (65%) for Glass Earth (New Zealand) Limited (35%) to assume management of the Hauraki Joint Venture and sole fund exploration activities in order to increase its equity in the JV.

Outstanding cash calls of \$588,000 (refer Note 10), due to Newmont by GENZL as at 30 September 2013, would form part of the overall funding for the 2014 & 2015 exploration expenditures.

Newmont has reserved its position in respect of the unpaid cash calls by issuing a Default Notice under the terms of the Hauraki Joint Venture Agreement ("JVA") on 17 October 2013. The JVA requires that the unpaid cash calls be remedied within 65 days or default dilution will occur (potentially up to a 20% reduction in in GENZL's interest in the project).

**2. *Neavesville Prospect (GENZL was 50% - now 100%)***

As from 6 November 2013, the Company has regained 100% ownership of the Neavesville prospect opportunity.

Negotiations are underway with Eurasian Minerals to amend the terms of the Option Agreement.

**3. *Staffing***

With a two project focus, a lean and resilient GEGL will continue strong austerity measures having reduced to core staff, while retaining key technical and management ability to oversee GEG's assets.

**4. *Placer Creditors in New Zealand***

On 5 November 2013, creditors of Glass Earth Mining Limited's placer operations, totaling \$620,000, agreed to accept a mixture of immediate payment and deferred payment terms (up to 31 December 2014) while the Company refinances.

**5. *Corporate Refinancing***

The Company, in common with many junior gold explorers, needs to refinance. Management and the Board are actively pursuing avenues of financing as well as the restructuring referred to above. Funding is required for its continuing hard-rock activities and to cover General & Administration expenses.

## **OUTLOOK**

Glass Earth has two joint ventures with Newmont Mining Corporation on the Company's Waihi West exploration permit alongside the Martha mine and the Hauraki Region permit portfolio. It also has 100% of the Neavesville project opportunity, to the north of the Martha mine.

Glass Earth's aim is to create and capture value through successful exploration. Delineation of such resources can generate significant premium and value-add at the exploration stage.

For the nine months ended September 30, 2013

The Company's efforts in this regard will depend heavily on how it manages its funding requirements, either through joint venture or equity fund raising.

For additional information, please refer to the Company's website at [www.glassearthlimited.com](http://www.glassearthlimited.com) and for regulatory filings, including news releases, please refer to [www.SEDAR.com](http://www.SEDAR.com).

## **RISKS, UNCERTAINTIES AND OTHER ISSUES**

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

### **Nature of Mineral Exploration and Development Projects**

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

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

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

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

Success in establishing reserves is a result of a number of factors, including the quality of management, the Company's level of geological and technical expertise, the quality of land available for exploration, the availability of suitable contractors, and other factors. If mineralization is discovered, it may take several years in the initial phases of exploration until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish reserves through drilling, to determine the optimal metallurgical process and to construct mining and

processing facilities. Because of these uncertainties, no assurance can be given that exploration programs will result in the establishment or expansion of resources or reserves.

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

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

### **Licenses and Permits, Laws and Regulations**

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

The Company believes that it holds, or has applied for, all necessary licenses and permits under applicable laws and regulations and believes it is presently complying in all material respects with the terms of such licenses and permits. There is no assurance that future changes in such regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are required in connection with the exploration activities proposed for the properties. To the extent such approvals are required and not obtained, the Company's planned exploration, development and production activities may be delayed, curtailed, or cancelled entirely.

### **Environmental**

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

### **Claim Titles and Aboriginal Rights**

Aboriginal rights in New Zealand reside in the indigenous population known as Maori. Maori, individually or collectively may advance claims on Crown properties, or other types of tenure, with respect to which mining rights have been conferred. Glass Earth is not aware of any such land claims

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

### **Dependence on Key Personnel**

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

### **Joint Ventures**

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

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

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

### **Conflicts of Interest**

Certain of the Company's directors, officers and significant shareholders are or may become shareholders, directors and/or officers of other natural resource companies, and, to the extent that such other companies may participate in ventures with the Company, these individuals may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation.

In the event that such a conflict of interest arises at a meeting of the directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or of its terms. In appropriate cases the Company will establish a special committee of independent directors to review a matter in which one or more directors or officers may have a conflict.

For the nine months ended September 30, 2013

From time to time, the Company, together with other companies, may be involved in a joint venture opportunity where several companies participate in the acquisition, exploration and development of natural resource properties, thereby permitting the Company to be involved in a greater number of larger projects with an associated reduction of financial exposure in any given project. The Company may also assign all or a portion of its interest in a particular project to any of these companies due to the financial position of the other company or companies.

In accordance with the laws of the province of British Columbia, the directors are required to act honestly and in good faith with a view to furthering the best interest of Glass Earth. In determining whether or not the Company will participate in a particular program or transaction and the terms of such participation, the directors will primarily consider the potential benefits to the Company, the degree of risk to which the Company may be exposed and its financial position at that time. Other than as indicated, the Company has no procedures or mechanisms to deal with conflicts of interest.

## **SUPPLEMENTAL TO THE FINANCIAL STATEMENTS**

### **Outstanding Share and Option Data**

Glass Earth's shares trade on the TSX Venture Exchange and the New Zealand Alternative Exchange ("NZAX") under the symbol "GEL". The Company is authorized to issue an unlimited number of common shares without par value. As at November 28, 2013, the following items were issued and outstanding:

- 105,665,593 common shares;
- 4,085,000 common share purchase options with an average exercise price of \$0.30 per share and expiry dates of between August 16, 2015 and February 9, 2017;
- 8,211,483 unlisted common share purchase warrants with an exercise price of \$0.50 per share and an expiry date of December 31, 2013;
- 12,039,400 unlisted common share purchase warrants with an exercise price of \$0.35 per share and an expiry date of June 21, 2014;
- 1,908,000 unlisted common share purchase warrants with an exercise price of \$0.35 per share and an expiry date of October 16, 2014;
- 19,719,070 unlisted common share purchase warrants with an exercise price of \$0.25 per share and an expiry date of December 11, 2014;
- 3,490,312 unlisted common share purchase warrants with an exercise price of \$0.25 per share and an expiry date of December 28, 2014; and
- 1,972,665 unlisted common share purchase warrants with an exercise price of \$0.25 per share and an expiry date of February 14, 2015;

There are no shares subject to TSX Venture escrow provisions.

## **FORWARD-LOOKING STATEMENTS**

These unaudited consolidated financial statements and this Management's Discussion and Analysis, contains certain "Forward-Looking Statements" that are prospective and reflect management's expectations regarding Glass Earth Gold Limited's ("**GEGL**" or "**Glass Earth**") future growth, results of operations, performance and business prospects and opportunities. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance.

All statements, other than statements of historical fact, included herein, including without limitation, statements regarding potential mineralization and reserves, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, exploration results and future plans and objectives of Glass Earth are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate, and actual results and future events could differ materially from those anticipated in such statements.

Important factors that could cause actual results to differ materially from Glass Earth's expectations are disclosed in its documents filed from time to time with the TSX Venture Exchange and other regulatory authorities and include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore to be mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failure to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors.

Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur.

Glass Earth undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.