



GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended September 30, 2013

Dated: November 14, 2013

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated November 14, 2013 which is the date of filing of this document. It provides a review of the financial results for the three and nine months ended September 30, 2013 compared to the same periods in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation ("we," "us," "our," "GLG" or the "Company") together with GLG's subsidiaries in the People's Republic of China ("China") and other jurisdictions. As used herein, the word "Company" means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the "Exchange") under the symbol "GLG". Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the nine months ended September 30, 2013 as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2012. Additional information relating to GLG Life Tech Corporation including GLG's Annual Information Form can be found on GLG's web site at www.glglifetech.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities and disclosure of contingent assets or liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following: determining the accrued liabilities, assessing the fair value of property, plant and equipment, biological assets, intangible assets and goodwill, the valuation of future tax assets, revenue recognition, estimate of inventory net realizable value, going concern assumption, expected useful lives of assets subject to amortization and the assumptions used in determining the fair value of stock-based compensation. While management believes the estimates used are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

Forward-Looking Statements

Certain statements in this MD&A constitute "forward-looking statements" and "forward looking information" (collectively, "forward-looking statements") within the meaning of applicable securities laws. Such forward-looking statements include, without limitation, statements evaluating the market, potential demand for stevia and general economic conditions and discussing future-oriented costs and expenditures. Often, but not always, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases or words and phrases that state or indicate that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

While the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, consumer demand for our products and new orders from our

customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading “Risks Related to the Company’s Business” and “Risks Associated with Doing Business in the People’s Republic of China” for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading “Risk Factors” in the Company’s Annual Information Form for the financial year ended December 31, 2012. In light of these factors, the forward-looking events discussed in this MD&A might not occur.

Further, although the Company has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

As there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements, readers should not place undue reliance on forward-looking statements.

Financial outlook information contained in this MD&A about prospective results of operations, capital expenditures or financial position is based on assumptions about future events, including economic conditions and proposed courses of action, based on management’s assessment of the relevant information as of the date hereof. Such financial outlook information should not be used for purposes other than those for which it is disclosed herein.

Overview

We are a leading producer of high quality stevia extract. Stevia extracts, such as Rebaudioside A (or Reb A), are used as all natural, zero-calorie sweeteners in food and beverages. Our revenue is derived primarily through the sale of high-grade stevia extract to the food and beverage industry. We conduct our stevia development, refining, processing and manufacturing operations through our five wholly-owned subsidiaries in China. Our operations in China include four processing factories, stevia growing areas across 10 growing areas, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf and 1,500 metric tons of RA 97 or 2,000 metric tons of BlendSure™.

During the period the Company sold its 80% interest in Dr. Zhang’s All Natural and Zero Calorie Beverage and Foods Company (“ANOC”) which was formed in 2010. ANOC was focused on the sales and distribution of consumer food and beverage products in China. The Company therefore has two reportable segments – Stevia business unit and Discontinued Operations.

Revenues were \$11.9 million for the nine months ended September 30, 2013 compared to \$13.0 million for the nine months ended September 30, 2012. We had a net loss attributable to the Company of \$24.4 million for the nine months ended September 30, 2013 compared to a net loss of \$20.4 million for the nine months ended September 30, 2012.

Significant Accounting Estimates and Judgements

The Company's significant accounting policies are subject to estimates and key judgements about future events, many of which are beyond management's control. A summary of the Company's significant accounting policies is included in Note 4 of the Company's condensed year-end consolidated financial statements for the year ended December 31, 2012.

The preparation of financial statements in conformity with generally accepted accounting principles requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to our financial statements.

We believe that our application of accounting policies, and the estimates inherently required therein, are reasonable. Our accounting policies and estimates are periodically re-evaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

Changes in Significant Accounting Policies

Prior to January 1, 2011, we prepared our condensed interim consolidated financial statements in conformity with Canadian GAAP and provided a supplemental reconciliation to U.S. GAAP. Effective January 1, 2011, we adopted IFRS as the reporting standard for our consolidated financial statements.

Basis of presentation and consolidation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements have been prepared on a historical costs basis except for biological assets, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting. These consolidated financial statements are presented in Canadian dollars, except when otherwise indicated.

Change in accounting policies

The Company has early adopted the Annual Improvements to IFRSs 2009-2011 Cycle of IAS1 Presentation of Financial Statements. The amendments to IAS 1 clarifies the requirements for comparative information when entities apply accounting policies retrospectively, makes a retrospective restatement of items in the financial statements, or when items are reclassified in its financial statements. The amendments are effective for annual periods beginning on or after January 1, 2013 but can be applied earlier.

The Company has early adopted IFRS 10, which replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 require that management exercise significant judgement to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The adoption of IFRS 10 did not change entities consolidated as required under IAS 27.

The Company has early adopted IFRS 11, which replaces the guidance in IAS 31, Interests in Joint Ventures, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The adoption of IFRS 11 did not change entities consolidated as required under IAS 31.

The Company has early adopted IFRS 12, which includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.

New standards, amendments and interpretations not yet effective

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are not yet effective as of September 30, 2013 and have not been applied in preparing these financial statements. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 13, Fair-value measurement

IFRS 13, Fair Value Measurement: effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, sets out in a single IFRS a framework for measuring fair value and new required disclosures about fair value measurements. Management anticipates that this standard will be adopted in the Company's financial statements for the period beginning January 1, 2013, and is currently evaluating the potential impact of the adoption of IFRS 13.

IFRS 9, Financial instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after 1 January 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to 1 January 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 28, Investments in Associates and Joint Ventures

In May 2011, the IASB amended IAS 28, Investments in Associates and Joint Ventures (“IAS 28”). This amendment requires any retained portion of an investment in an associate or joint venture that has not been classified as held for sale to be measured using the equity method until disposal. After disposal, if the retained interest continues to be an associate or joint venture, the amendment requires it to continue to be accounted for under the equity method. The amendment also disallows the re-measurement of any retained interest in an investment upon the cessation of significant influence or joint control. This amended standard is effective for our interim and annual consolidated financial statements commencing January 1, 2013. Management is assessing the impact of this amended standard on our consolidated financial statements.

Significant Accounting Estimates and Judgments

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are available in the audited annual financial statements for the year ended December 31, 2012.

Corporate Developments

On May 21, 2013, the company provided an update on the review by the regulatory authorities. Following the cease trade order issued on May 2, 2012 by British Securities Commission (the “BCSC”), and subsequently adopted by the other Canadian securities regulators in jurisdictions where GLG is a reporting issuer, the BCSC launched a continuous disclosure review in September 2012. The Company filed its year-end financial reports including its annual audited Financial Statements, Management Discussion and Analysis, Annual Information Form, and CEO and CFO Certifications for the period ending December 31, 2012 on June 10, 2013. The main reasons for the delay in filing were due to third party valuation reports required to support its transition from US GAAP to IFRS and in particular tangible and intangible assets impairment testing and to meet the BCSC’s information request as part of the Continuous Disclosure review. 2012 is the first year that the Company is reporting under IFRS. The Company re-filed its financial statements for the nine month period ended September 30, 2012 and related MD&A to correct an error associated with its IFRS impairment testing.

On June 18, 2013, the Company announced that it had renewed all of its bank loans, improving the Company’s balance sheet and working capital position. The Company signed loan refinancing agreements with all of its short term loan lenders. The balance of these loans is currently approximately \$58.7 million. The net effect of the restructuring agreements is to split the amounts due over three years. The loans due for repayments for 2013 are \$8.6 million, the loans due for repayments for 2014 are \$29.2 million and the loans due for repayments for 2015 are \$18.4 million.

On June 28, 2013, the company’s shares were reinstated for trading on the TSX.

On July 24, 2013, the Toronto Stock Exchange completed its de-listing review of the common shares of the Company that commenced January 17, 2013 and had determined that GLG meets all of the TSX’s continued listing requirements. This delisting review along with our regulatory review has impacted our sales efforts during the past year. The Company reported that with this issue now resolved, it has seen an increase in its international sales and customer prospects compared to the first half of 2013. The Company also announced

that initial stevia-based product formulation activities with COFCO NHRI are now underway in China (see section “Sales Developments” for more information).

On September 5, 2013, the company announced that it had sold its 80% interest in Dr. Zhang’s All Natural and Zero Calorie Beverage and Foods Company (the “Joint Venture”) to the minority 20% interest holder, China Agriculture and Healthy Foods Company Limited. Under the previously disclosed strategic cooperation agreement between GLG and the COFCO Nutrition and Health Research Institute Co Ltd., GLG is working with COFCO to develop stevia sweetened beverages and foods for the China market and COFCO will use their own marketing and distributing channels for the co-developed products, and thus continued participation in the Joint Venture was no longer necessary. Commented Dr. Luke Zhang, CEO of GLG: “We continue to develop our relationship with COFCO, and will be their supplier as they introduce stevia sweetened products. As the largest food company in China, their distribution channels reach every consumer in every market. We can concentrate on running our business.” As part of the transaction and to settle amounts owing by the Joint Venture, GLG issued a three year, zero interest unsecured convertible note with principal amount of \$4,295,532.65 that is convertible into the common shares of GLG at a price of \$1.80 per share. The Toronto Stock Exchange granted conditional approval for listing of up to 2,386,407 common shares upon conversion, subject to certain conditions. Final approval was received from the Toronto Stock Exchange on October 30, 2013.

Sales Developments

On January 29, 2013, the Company announced a new distribution agreement with Crest Chemicals (Pty) Ltd. for distribution of stevia products in South Africa.

On May 15, 2013, the Company announced the development of a strategic collaboration with China National Cereals, Oils, and Foodstuff Corporation (“COFCO”) for the Chinese market. The collaboration between the two companies will focus on three areas: (1) healthier food and beverage products, (2) technology & (3) investments. GLG expects that an official Letter of Intent will be signed in the coming weeks between the two companies that will detail the three areas of collaboration.

On June 12, 2013, the Company announced the signing of a Letter of Intent (“LOI”) with COFCO Nutrition and Health Research Institute Co Ltd. (“COFCO NHRI”), a 100% owned subsidiary of China National Cereals, Oils, and Foodstuff Corporation (“COFCO”), for a strategic collaboration for the Chinese market.

The LOI focuses on the two party’s cooperation on the research and development of food and beverage products and on the development, marketing and sale of stevia extracts and formulated products to promote the development of the stevia industry, nutrition, and the healthy food industry in China. Under the LOI terms, COFCO NHRI shall preferentially use the materials, products, and technologies provided by GLG. The parties shall work together to develop the strategies and promotions and industrialization of stevia in the process of developing health food and functional food. The Company expects that additional agreements will result of this framework agreement and the LOI specifically provides for future agreements for major developments that are to occur.

China has one of the largest populations of diabetics globally with approximately 90 million diagnosed, and approximately 200 million people are classified as obese. Both parties are focused on the health and social well-being of the Chinese people in the development of products sweetened with stevia for zero or low calories. In addition, the parties recognize the high agricultural value of stevia to China’s farmers, and the continued requirement for China to import sweeteners.

The LOI specifies that COFCO NHRI is responsible for introducing the related co-developed products to COFCO Innovation of Food (Beijing) Co., Ltd and the sales channel of COFCO. NHRI will also be responsible to bring the stevia products of GLG to China Mengniu Dairy Company Limited and to assist in the expansion of the distribution channel of GLG's products. The LOI also states that investment may occur under the right circumstances, including COFCO NHRI investment in GLG and other forms of investment.

Initial stevia based product formulation activities with COFCO NHRI commenced in July 2013. There are currently three main healthy food and beverage formulation projects now underway between the two parties. Two of these formulation projects are targeted at dairy products for the COFCO Mengniu Dairy subsidiary and one for COFCO's China Foods subsidiary. The objective of these formulation projects to create reduced calorie healthier products for these COFCO subsidiaries and introduce the products into the China market. The two partners are also looking at some of GLG's existing stevia sweetened products for distribution in China including tabletop. Lastly, the two parties are also in discussion on advancing the China Sugar Reserve Healthy Sugar project.

On September 5, 2013, the company announced it had signed a distribution agreement with Quadra Ingredients Ltd. ("Quadra") for the distribution and marketing of GLG's stevia extract products throughout the Canadian market.

On September 11, 2013, the Company announced the launch of GLG Naturals+, a new product line with support from China National Cereals, Oils, and Foodstuff Corporation ("COFCO"). GLG Naturals+, is focused on sourcing high-quality/low-cost natural and functional food ingredients from China through a unique certification program (the "R8 program") designed to address the concerns of international food and beverage companies. GLG and COFCO's many years of experience in delivering food ingredients to leading multinational customers results in deep familiarity with international food safety standards and the need for transparency in supply chains. R8 program elements are:

- Verified quality through independent testing
- Competitive pricing
- Confirmed capacity and consistent supply of ingredients
- Factory site audits and routine facility visits
- International customer service standards
- Recognized international certifications from reputable third parties
- Commitment to environmental and safety practices
- Verification of manufacturer's assets and financial credit checks.

Examples of products in the growing portfolio include: crystalline fructose, erythritol, inositol, inulin, lo han guo, and lycopene, all synergistic with the Company's current stevia products.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for 2012 and the condensed interim consolidated financial statements for the nine month period ended September 30, 2013.

In thousands Canadian \$, except per share amounts	3 Months Ended Sept 30		% Change	9 Months Ended Sept 30		% Change
	2013	2012		2013	2012	
Revenue	\$5,196	\$5,537	(6%)	\$11,884	\$12,862	(8%)
Cost of Sales	\$6,858	\$8,001	(14%)	\$15,448	\$16,470	(6%)
% of Revenue	132%	145%	(13%)	130%	128%	2%
Gross Profit (Loss)	(\$1,662)	(\$2,464)	(33%)	(\$3,564)	(\$3,608)	(1%)
% of Revenue	(32%)	(45%)	13%	(30%)	(28%)	(2%)
Expenses	\$1,842	\$2,056	(10%)	\$7,112	\$7,007	1%
% of Revenue	35%	37%	(2%)	60%	54%	5%
Loss from Operations	(\$3,503)	(\$4,520)	(23%)	(\$10,677)	(\$10,616)	1%
% of Revenue	(67%)	(82%)	14%	(90%)	(83%)	(7%)
Other Income (Expenses)	(\$10,834)	(\$7,513)	44%	(\$13,669)	(\$9,699)	41%
% of Revenue	(209%)	(136%)	(73%)	(115%)	(75%)	(40%)
Net Loss before Income Taxes and Non-Controlling Interests	(\$14,338)	(\$12,034)	19%	(\$24,346)	(\$20,315)	20%
% of Revenue	(276%)	(217%)	(59%)	(205%)	(158%)	(47%)
Net Loss after Income Taxes and Non-Controlling Interests	(\$14,338)	(\$12,034)	19%	(\$24,347)	(\$20,318)	20%
% of Revenue	(276%)	(217%)	(59%)	(205%)	(158%)	(47%)
Net (loss) from discontinued operations	\$1,857	(\$983)	(289%)	\$1,348	(\$2,713)	(150%)
Loss per share (Basic & Diluted)	(\$0.43)	(\$0.37)	19%	(\$0.74)	(\$0.62)	20%
Total Comprehensive Loss	(\$14,299)	(\$14,636)	(2%)	(\$20,210)	(\$26,431)	(24%)
% of Revenue	(275%)	(264%)	(11%)	(170%)	(206%)	35%

In thousands Canadian \$	3 months Ended Sept 30 2013		3 months Ended Sept 30 2012		9 months Ended Sept 30 2013		9 months Ended Sept 30 2012	
	Stevia Business	Discontinued Operations	Stevia Business	Discontinued Operations	Stevia Business	Discontinued Operations	Stevia Business	Discontinued Operations
Revenue	\$5,196	\$0	\$5,653	\$125	\$11,883	\$1	\$12,978	\$454
Cost of Sales	\$6,858	\$0	\$8,001	\$145	\$15,448	\$0	\$16,470	\$550
Gross Profit (loss)	(\$1,662)	\$0	(\$2,348)	(\$20)	(\$3,565)	\$0	(\$3,492)	(\$96)
Gross Profit %	(32%)	0%	(42%)	(16%)	(30%)	80%	(27%)	(21%)
G&A (cash)	\$1,316	\$0	\$1,737	\$566	\$5,570	\$202	\$295	\$239

Revenue

Revenue for the three months ended September 30, 2013 was \$5.2 million, a decrease of 8% compared to \$5.7 million in revenue for the same period last year. The total revenue was composed of \$5.2 million for stevia sales and \$0.0 million for discontinued operations.

Revenue for the nine months ended September 30, 2013 was \$11.9 million, a decrease of 8% compared to \$13.0 million in revenue for the same period last year.

Stevia Business

Stevia sales of \$5.2 million for the three months ended September 30, 2013 were decreased by 8% compared to the stevia sales of \$5.7 million in the prior period. This 8% decrease in sales comparing the third quarter in 2013 to the third quarter in 2012 was driven by lower volumes of stevia extract sales to other stevia providers. In the third quarter of 2012 the Company needed to focus on reducing its inventory to meet short term obligations and aggressively sold off some of its inventories to other stevia providers in order to accomplish this. The Company has focused in 2013 on building its international customer base and sales to these

customers have increased 111% during the three months ended September 30, 2013 compared to the prior period. The Company has proactively made a change in business focus towards international customers who buy stevia on a recurring basis compared to the sales of large quantities of stevia extracts to other stevia providers who purchase large quantities less frequently. International sales activity has also increased following the resumption of the Company's shares trading on the TSX. The Company will continue to focus on increasing its international customer business and also plans to continue to sell stevia extracts to other stevia providers. Pricing on its high purity stevia extracts was flat compared to the pricing for the same period in 2012. Pricing for low purity stevia extracts was stable to slightly lower in the third quarter 2013 compared to the same period in 2012.

Stevia sales of \$11.9 million for the nine months ended September 30, 2013 were decreased by 8% compared to the stevia sales of \$13.0 million in the prior period. The 8% decrease in sales comparing the nine months of 2013 to the nine months in 2012 was driven by a change in business focus towards international customers who buy stevia on a recurring basis compared to the sales of large quantities of stevia extracts to other stevia providers who purchase large quantities less frequently.

Discontinued Operations

The Company's consumer products business had sales of \$0.0 million in the third quarter of 2013 compared to \$0.1 million in the comparative period. This represents a 100% decrease compared to the sales in the previous period.

Cost of Sales

Cost of sales for the three months ended September 30, 2013 was \$6.9 million compared to \$8.0 million for the same period last year or a decrease of 14%. Cost of sales as a percentage of revenues was 132% compared to 142% in the prior period, a decrease of 10%. This was composed of \$6.9 million for the stevia business and \$0.0 million for the discontinued operations. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 22% of cost of sales in the current period compared to 19% in the prior period. These capacity charges ordinarily would flow to inventory; however, only two of GLG's manufacturing facilities were operating during the third quarter.

Cost of sales for the nine months ended September 30, 2013 was \$15.4 million compared to \$16.5 million for the same period last year or a decrease of 6%. Cost of sales as a percentage of revenues was 130% compared to 127% in the prior period, an increase of 3%. This was composed of \$15.4 million for the stevia business and \$0.0 million for the discontinued operations. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 31% of cost of sales in the current period compared to 28% in the prior period. These charges ordinarily would flow to inventory; however, only two of GLG's manufacturing facilities were operating during the nine months of the year

Stevia Business

For the three months ended September 30, 2013, the cost of sales related to the stevia business was \$6.9 million compared to \$8.0 million in cost of sales for the same period last year (\$1.1 million or 14% decrease).

Cost of sales for stevia as a percentage of revenues was 132% compared to 142% in the prior period, a decrease of 10%. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 22% of cost of sales in the current period compared to 19% in the prior period. Cost of goods sold exceed revenues generated due to the capacity charges to the cost of goods sold that would ordinarily would flow to inventory. Two of GLG's manufacturing facilities were operating during the third quarter and capacity charges of \$1.5 million were charged to cost of sales compared to \$1.5 million charged to cost of sales in 2012.

For the nine months ended September 30, 2013 the cost of sales related to the stevia business was \$15.4 million compared to \$16.5 million in cost of sales for the same period last year (\$1.1 million or 6% decrease). Cost of sales for stevia as a percentage of revenues was 130% compared to 127% in the prior period, an increase of 3%. The cost of sales for the stevia business as a percentage of revenue was higher in the current period compared to prior year due to the higher impact of capacity charges representing 31% of cost of sales in the current period compared to 28% in the prior period. Cost of goods sold exceed revenues generated due to the capacity charges to the cost of goods sold that would ordinarily would flow to inventory. Two of GLG's manufacturing facilities were operating during the period and capacity charges of \$4.8 million were charged to cost of sales compared to \$4.6 million charged to cost of sales in 2012.

The key factors that impact stevia cost of sales and gross profit percentages in each period include:

1. Capacity utilization of stevia manufacturing plants;
2. The price paid for stevia leaf and the stevia leaf quality, which is impacted by crop quality for a particular year/period and the price per kilogram for which the extract is sold. These are the most important factors that will impact the gross profit of GLG's stevia business;
3. salaries and wages of manufacturing labour;
4. Other factors which also impact stevia cost of sales to a lesser degree include:
 - Water and power consumption;
 - Manufacturing overhead used in the production of stevia extract, including supplies, power and water;
 - Net VAT paid on export sales;
 - Exchange rate changes;
 - Depreciation and capacity utilization of the stevia extract processing plants; and
 - Depreciation of intangible assets related to intellectual property.

GLG's stevia business is affected by seasonality. The harvest of the stevia leaves typically occurs starting at the end of the July and continues through the fall of each year. GLG's operations in China are also impacted by Chinese New Year celebrations during the month of January or February each year, during which many businesses close down operations for approximately two weeks. GLG's production year runs from October 1 to September 30 each year.

Discontinued Operations

For the three months ended September 30, 2013, cost of sales related to the discontinued operations was \$0.0 million compared to \$0.1 million for the prior period. Discontinued operations' costs of goods sold includes costs associated with bottling the beverage products, supplies and ingredients used to manufacture the beverages, and shipping the products to the different distribution channels.

For the nine months ended September 30, 2013, cost of sales related to the discontinued operations was \$0.0 million compared to \$0.6 million for the prior period.

Gross Profit (Loss)

Gross loss for the three months ended September 30, 2013 was \$1.7 million, a decrease of 29% over \$2.5 million in gross loss for the comparable period in 2012. The gross profit margin for the three month period ended September 30, 2013 for the Company as a whole was a negative 32% compared to a negative 45% for the three months ended September 30, 2012 or a decrease of 13% from the previous year. On a disaggregated basis stevia products had a gross margin of negative 32% and the discontinued operations had a gross margin of 0%. The gross margin in stevia products was significantly impacted by the capacity and other fixed charges to the cost of goods sold. These capacity charges ordinarily would ordinarily flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter and capacity charges of approximately \$1.5 million were incurred.

Gross loss for the nine months ended September 30, 2013 was \$3.6 million, a decrease of 2% over \$3.6 million in gross loss for the comparable period in 2012. The gross profit margin for the nine month period ended September 30, 2013 for the Company as a whole was a negative 30% compared to a negative 28% for the nine months ended September 30, 2012 or an increase of 2% from the previous year. On a disaggregated basis stevia products had a gross margin of negative 30% and the discontinued operations had a gross margin of 80%. The gross margin in stevia products was significantly impacted by the capacity and other fixed charges to the cost of goods sold. These capacity charges ordinarily would ordinarily flow to inventory; however, only one of GLG's manufacturing facilities was operating during the quarter and capacity charges of approximately \$4.6 million were incurred.

Stevia Business

The decrease in gross loss for the stevia business for the third quarter of 2013 compared to the third quarter of 2012 can be attributed to the factors detailed in the cost of sales and revenues section. Gross loss for the third quarter 2013 as a percentage of revenue was 32% compared to 45% for the previous period.

The increase in gross loss for the stevia business for the nine months of 2013 compared to the nine months of 2012 can be attributed to the factors detailed in the cost of sales and revenues section. Gross loss for the nine month period ended September 30, 2013 as a percentage of revenues was 30% compared to 28% for the previous period.

Discontinued Operations

For the discontinued operations the gross profit was \$0.0 million or 0% of revenues for the third quarter of 2013 compared with negative \$0.1 million or negative 16% for the comparable period. For the discontinued operations the gross profit was \$0.1 million or 80% of revenues for the nine months of 2013 compared with negative \$0.1 million or negative 21% for the comparable period.

Selling, General, and Administration Expenses

Selling, General and administration (“SG&A”) expenses include sales, marketing, general, and administration costs (“G&A”), stock -based compensation, and depreciation and amortization expenses on G&A fixed assets. A breakdown of SG&A expenses into these components is presented on the following page:

In thousands Canadian \$	3 Months Ended Sept 30		% Change	9 Months Ended Sept 30		% Change
	2013	2012		2013	2012	
G&A Stevia	\$1,316	\$1,670	(21%)	\$5,823	\$5,307	10%
Stock Based Comp	\$295	\$253	16%	\$777	\$1,406	(45%)
Amortization Stevia	\$231	\$133	73%	\$512	\$295	73%
Total	\$1,842	\$2,056	(10%)	\$7,112	\$7,007	1%

G&A for the stevia business for the three months ended September 30, 2013 was \$1.3 million compared to \$1.7 million in the same period in 2012 or \$0.4 million decrease year over year. G&A for the stevia business for the nine months ended September 30, 2013 was \$5.8 million compared to \$5.3 million in the same period in 2012 or a \$0.7 million decrease year over year.

Stock-based compensation was \$0.3 million for the three months ended September 30, 2013 compared with \$0.3 million in the same quarter of 2012. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock based compensation awards was recognized, due to previously granted options and restricted shares. Stock-based compensation was \$0.8 million for the nine months ended September 30, 2013 compared with \$1.4 million in the same period of 2012.

G&A related depreciation and amortization expenses for the three months ended September 30, 2013 were \$0.2 million compared to \$0.1 million for the prior year. G&A related depreciation and amortization expenses for the nine months ended September 30, 2013 were \$0.5 million compared to the \$0.3 million for the prior year.

Other Expenses

In thousands Canadian \$	3 Months Ended Sept 30		% Change	9 Months Ended Sept 30		% Change
	2013	2012		2013	2012	
Other Income (Expenses)	(\$10,834)	(\$7,582)	43%	(\$13,669)	(\$9,941)	38%
% of Revenue	(209%)	(134%)	(74%)	(115%)	(77%)	(38%)

Other expenses for the three months ended September 30, 2013 was \$10.8 million, a \$3.2 million increase compared to \$7.6 million for the same period in 2012. During the three months ended September 30, 2013 the Company took an impairment charge on inventory of \$8.6 million. Other expenses for the nine months ended September 30, 2013 was \$13.7 million, a \$3.7 million increase compared to \$9.9 million for the same period in 2012.

Impairment of Inventory

Under IFRS and the Company's accounting policies, raw materials, work-in-progress and finished goods are measured at the lower of cost, determined on a weighted average basis and net realizable value. The net realizable value of inventory is generally considered to be the selling price in the ordinary course of business less the estimated costs of completion and estimated costs to make the sale. The amount of any impairment of inventories to net realizable value and all losses of inventories is recognized as an expense in the period the write-down or loss occurs.

During the three month period ending September 30, 2013, the Company recorded an inventory impairment charge of \$8.6 million (\$4.9 million in 2012) as an obsolescence provision. During the nine month period ending September 30, 2012, the Company recorded an inventory impairment charge of \$8.6 million (\$4.9 million in 2012) as an obsolescence provision.

Foreign Exchange Gains (Losses)

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese renminbi ("RMB") and incurs most of its expenses in RMB. Impacts of the appreciation or depreciation of the RMB against the Canadian dollar are shown separately in Accumulated Other Comprehensive income ("AOCI") on the Balance Sheet. As at September 30, 2013, the exchange rate for RMB per Canadian dollar was 5.9524 compared to the exchange rate of 6.2617 as at December 31, 2012 reflecting an appreciation of the RMB against the Canadian dollar. The balance of the AOCI was \$8.4 million on September 30, 2013 compared to a balance of \$5.6 million as at December 31, 2012.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange loss was \$0.4 million for the third quarter of 2013 compared to the foreign exchange loss of \$0.6 million for the comparable period in 2012. Foreign exchange gain was \$0.1 million for the nine months of 2013 compared to the foreign exchange loss of \$0.1 million for the comparable period in 2012. The table below shows the change in the Canadian dollar relative to the US dollar from Sept 30, 2011 to September 30, 2013 and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown below.

Exchange rates	2013	2013	2013	2012	2012	2012	2012	2011
Noon rate (as compared to the Canadian \$)	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
U.S. Dollars	1.0285	1.0512	1.0156	0.9949	0.9837	1.0191	0.9991	1.0170
Chinese Yuan	5.9524	5.8377	6.1200	6.2617	6.3898	6.2344	6.3052	6.1881

Exchange rates	2013	2013	2012	2012	2012	2012	2012	2011
Noon rate (as compared to the US \$)	30-Sep	30-Jun	31-Dec	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Chinese Yuan	6.1220	6.1365	6.2157	6.2298	6.2856	6.3535	6.2995	6.2933

Net Income (Loss) Attributable to the Company

In thousands Canadian \$	3 Months Ended Sept 30		% Change	9 Months Ended Sept 30		% Change
	2013	2012		2013	2012	
Net Loss	(\$14,338)	(\$12,033)	19%	(\$24,347)	(\$20,318)	20%
% of revenue	(276%)	(217%)	(59%)	(205%)	(158%)	(47%)

For the three months ended September 30, 2013, the Company had a net loss attributable to the Company of \$14.3 million, an increase of \$2.2 million over the comparable period in 2012 (\$12.1 million loss). The increase in net loss was driven by: (1) a decrease in gross loss of \$0.7 million and (2) a decrease in G&A expenses of \$0.3 million. These items were offset by (3) an increase in other expenses of \$3.2 million.

For the nine months ended September 30, 2013, the Company had a net loss attributable to the Company of \$24.3 million, an increase of \$3.9 million over the comparable period in 2012 (\$20.4 million loss). The increase in net loss was driven by: (1) an increase in other expenses of \$3.7 million, (2) an increase in gross loss of \$0.1 million, and (3) an increase in G&A expenses of \$0.1 million.

Comprehensive Loss

In thousands Canadian \$	3 Months Ended Sept 30		% Change	9 Months Ended Sept 30		% Change
	2013	2012		2013	2012	
Net Loss	(\$14,338)	(\$12,053)	19%	(\$24,347)	(\$20,444)	19%
Other comprehensive income (loss)	(\$1,818)	(\$1,619)	12%	\$2,789	(\$3,400)	(182%)
Total comprehensive income (Loss)	(\$16,156)	(\$13,673)	18%	(\$21,558)	(\$23,844)	(10%)

The Company recorded total comprehensive loss of \$16.1 million for the three months ended September 30, 2013, comprising \$14.3 million of net loss attributable to the Company and \$1.8 million of other comprehensive loss.

The Company recorded a total comprehensive loss of \$21.6 million for the nine months ended September 30, 2013, comprising \$24.3 million of net loss attributable to the Company and \$2.8 million of other comprehensive income.

Summary of Quarterly Results

The selected consolidated information below has been gathered from GLG's quarterly condensed interim consolidated financial statements for the previous eight quarterly periods:

In thousands Canadian \$, except per share amounts	2013	2013	2013	2012	2012	2012	2012	2011
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$5,196	\$3,446	\$3,243	\$8,277	\$5,778	\$6,761	\$892	\$473
Gross Profit \$	(\$1,662)	(\$1,464)	(\$438)	(\$1,661)	(\$2,368)	(\$1,126)	(\$95)	(\$2,732)
Gross Profit %	(32%)	(42%)	(14%)	(20%)	(41%)	(17%)	(11%)	(577%)
Net Loss	(\$14,338)	(\$6,694)	(\$3,693)	(\$11,336)	(\$12,053)	(\$5,924)	(\$3,868)	(\$146,208)
Basic Income (Loss) Per Share	(\$0.43)	(\$0.20)	(\$0.11)	(\$0.34)	(\$0.39)	(\$0.18)	(\$0.12)	(\$4.56)
Diluted Income (Loss) Per Share	(\$0.43)	(\$0.20)	(\$0.11)	(\$0.34)	(\$0.39)	(\$0.18)	(\$0.12)	(\$4.56)

Summary of Quarterly Net Income (Loss)

For the three months ended September 30, 2013, the Company had a net loss attributable to the Company of \$14.3 million compared to a net loss attributable to the Company of \$12.1 for same period in 2012. The net change of \$2.2 million was driven by: (1) a decrease in gross loss of \$0.7 million and (2) a decrease in G&A expenses of \$0.3 million. These items were offset by (3) an increase in other expenses of \$3.2 million.

For the three months ended June 30, 2013, the Company had a net loss attributable to the Company of \$6.7 million, an increase of \$0.8 million over the comparable period in 2012 (\$5.9 million loss). The increase in net loss was driven by: (1) a decrease in gross profit of \$0.3 million, (2) an increase in other expenses of \$0.3 million, and (3) an increase in G&A expenses of \$0.2 million.

For the three months ended March 31, 2013, the Company had a net loss attributable to the Company of \$3.7 million, a decrease of \$0.2 million over the comparable period in 2012 (\$3.9 million loss). The decrease in net loss was driven by: (1) a decrease in gross profit of \$0.4 million, (2) an increase in other income/expenses of \$0.4 million and (3) a decrease in loss attributable to non-controlling interests of \$0.1 million. These items were offset by (4) a decrease in G&A expenses of \$1.0 million.

For the three months ended December 31, 2012, the Company had a net loss attributable to the Company of \$11.5 million compared to a net loss attributable to the Company of \$146.2 for same period in 2011. The decrease of \$134.9 million loss was driven by: (1) an increase in gross profit of \$1.1 million, (2) a decrease in G&A expenses of \$11.3 million, and (3) a decrease in other income and expenses of \$123.1 million. These items were offset by a decrease in loss attributable to non-controlling interests of \$0.7 million and an increase in income tax expense of \$0.1 million.

For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of \$12.1 million, a decrease of \$0.3 million over the comparable period in 2011 (\$12.4 million loss). The decrease in net loss was driven by: (1) a decrease of \$0.4 in income tax recovery, (2) an increase in other income/expenses of \$7.2 million and (3) a decrease in loss attributable to non-controlling interests of \$0.8 million. These items were offset by (5) a decrease in G&A expenses of \$8.0 million and an increase in gross profit of \$0.7 million.

For the three months ended June 30, 2012, the Company had a net loss attributable to the Company of \$5.9 million, a decrease of \$6.6 million over the comparable period in 2011 (\$12.5 million loss). The decrease in net loss was driven by: (1) a decrease in G&A expenses of \$11.1 million, (2) a decrease in other income/expenses of \$0.4 million, and (3) a decrease of \$1.0 in income tax expense. These items were offset by the (4) a decrease in gross profit of \$4.1 million, and (5) a decrease in loss attributable to non-controlling interests of \$1.8 million.

For the three months ended March 31, 2012, the Company had a net loss attributable to the Company of \$3.9 million, a decrease of \$1.9 million over the comparable period in 2011. The decrease in net loss was driven by: (1) a decrease in gross profit of \$1.3 million, (2) the decrease in income tax recovery of \$0.2 million and (3) the decrease in loss attributable to non-controlling interests of \$0.1 million. These items were offset by (1) a decrease in G&A expenses of \$2.9 million, and (2) a decrease in interest expense and other income/expenses of \$0.6 million.

For the three months ended December 31, 2011, the Company had a net loss attributable to the Company of \$146.2 million compared to a net loss attributable to the Company of \$3.2 for same period in 2010. The net change of \$143.0 million was driven by: (1) a decrease in gross profit of \$6.5 million and (2) an increase in G&A expenses of \$3.7 million, (3) an increase in accounts receivable provisions of \$6.4 million and (4) an increase in other income and expenses of \$128.8 million (including asset impairment charges of \$127.9 million). These items were offset by the increase in loss attributable to non-controlling interests of \$0.8 million and a decrease in income tax expense of \$0.7 million.

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share was \$0.43 for the third quarter of 2013 compared with a basic and diluted loss per share of \$0.37 for the same period in 2012. For the three months ended September 30, 2013, the Company had a net loss attributable to the Company of \$14.3 million compared to a net loss attributable to the Company of \$12.1 million for same period in 2012. The net change of \$2.2 million was driven by: (1) a decrease in gross loss of \$0.7 million and (2) a decrease in G&A expenses of \$0.3 million. These items were offset by (3) an increase in other expenses of \$3.2 million.

The basic loss and diluted loss per share was \$0.20 for the second quarter of 2013 compared with a basic and diluted net loss of \$0.18 for the comparable period in 2012. For the three months ended June 30, 2013, the Company had a net loss attributable to the Company of \$6.7 million, an increase of \$0.8 million over the comparable period in 2012 (\$5.9 million loss). The decrease in net loss was driven by: (1) a decrease in gross profit of \$0.3 million, an increase in other expenses of \$0.3 million, and (3) an increase in G&A expenses of \$0.2 million.

The basic loss and diluted loss per share was \$0.11 for the first quarter of 2013 compared with a basic and diluted net loss of \$0.12 for the comparable period in 2012. For the three months ended March 31, 2013, the Company had a net loss attributable to the Company of \$3.7 million, a decrease of \$0.2 million over the comparable period in 2012 (\$3.9 million loss). The decrease in net loss was driven by: (1) a decrease in gross profit of \$0.4 million, (2) an increase in other income/expenses of \$0.4 million and (3) a decrease in loss attributable to non-controlling interests of \$0.1 million. These items were offset by (4) a decrease in G&A expenses of \$1.0 million.

The basic loss and diluted loss per share was \$0.34 for the fourth quarter of 2012 compared with a basic and diluted net loss of \$4.56 for the same period in 2011. For the three months ended December 31, 2012, the Company had a net loss attributable to the Company of \$11.3 million compared to a net loss attributable to the Company of \$146.2 for same period in 2011. The decrease of \$134.9 million loss was driven by: (1) an increase in gross profit of \$1.1 million, (2) a decrease in G&A expenses of \$11.3 million, and (3) a decrease in other income and expenses of \$123.1 million. These items were offset by a decrease in loss attributable to non-controlling interests of \$0.5 million and an increase in income tax expense of \$0.1 million.

The basic loss and diluted loss per share was \$0.39 for the third quarter of 2012 compared with a basic and diluted net loss of \$0.38 for the same period in 2011. For the three months ended September 30, 2012, the Company had a net loss attributable to the Company of \$12.7 million, an increase of \$0.3 million over the comparable period in 2011 (\$12.4 million loss). The increase in net loss was driven by: (1) a decrease of \$0.4 in income tax recovery, (2) an increase in other income/expenses of \$7.2 million and (3) a decrease in loss attributable to non-controlling interests of \$1.4 million. These items were offset by (5) a decrease in G&A expenses of \$8.0 million and an increase in gross profit of \$0.7 million.

The basic loss and diluted loss per share was \$0.18 for the second quarter of 2012 compared with a basic and diluted net loss of \$0.38 for the same period in 2011. For the three months ended June 30, 2012, the Company had a net loss attributable to the Company of \$5.9 million, a decrease of \$6.6 million over the comparable period in 2011 (\$12.5 million loss). The decrease in net loss was driven by: (1) a decrease in G&A expenses of \$11.1 million, (2) a decrease in other income/expenses of \$0.4 million, and (3) a decrease of \$1.0 in income tax expense. These items were offset by the (4) a decrease in gross profit of \$4.1 million, and (5) a decrease in loss attributable to non-controlling interests of \$1.8 million.

The basic loss and diluted loss per share was \$0.12 for the first quarter of 2012 compared with a basic and diluted net loss of \$0.20 for the same period in 2011. For the three months ended March 31, 2012, the

Company had a net loss attributable to the Company of \$3.9 million, a decrease of \$1.9 million over the comparable period in 2011. The decrease in net loss was driven by: (1) a decrease in gross profit of \$1.3 million, (2) the decrease in income tax recovery of \$0.2 million and (3) the decrease in loss attributable to non-controlling interests of \$0.1 million. These items were offset by (1) a decrease in G&A expenses of \$2.9 million, and (2) a decrease in interest expense and other income/expenses of \$0.6 million.

The basic loss and diluted loss per share was \$4.56 for the fourth quarter of 2011 compared with a basic and diluted income per share of \$0.12 for the same period in 2010. For the three months ended December 31, 2011, the Company had a net loss attributable to the Company of \$146.2 million compared to a net loss attributable to the Company of \$3.2 for same period in 2010. The net change of \$143.0 million was driven by: (1) a decrease in gross profit of \$6.5 million and (2) an increase in G&A expenses of \$3.7 million, (3) an increase in accounts receivable provisions of \$6.4 million and (4) an increase in other income and expenses of \$128.8 million (including asset impairment charges of \$127.9 million). These items were offset by the increase in loss attributable to non-controlling interests of \$0.8 million and a decrease in income tax expense of \$0.7 million.

Liquidity and Capital Resources

In thousands Canadian \$	30-Sep-13	31-Dec-12
Cash and Cash Equivalents	\$4,564	\$3,582
Working Capital	(\$19,153)	(\$33,854)
Total Assets	\$84,506	\$103,065
Total Liabilities	\$97,525	\$95,377
Loan Payable (<1 year)	\$29,520	\$59,883
Loan Payable (>1 year)	\$31,738	\$8,673
Total Equity	(\$13,019)	\$7,688

The Company continues to progress with the following measures to manage cash flow of the Company: paying down short term loans and refinancing short term loans into loans with longer maturities (see bank loans section) and refinancing with longer term debt with its Chairman, reducing accounts payable and negotiating with creditors extended payment terms, working closely with the banks to manage their loans, and reducing operating expenditures including general and administrative expenses and production-related expenses.

Cash Flows: Three months ended September 30, 2013 and 2012

Cash used in operating activities was \$0.8 million in the three month period ended September 30, 2013 compared to \$1.3 million in the same period of 2012. Cash from operating activities increased by \$2.0 million year over year. Cash used in operations prior to changes in non-cash working capital is \$2.0 million lower than prior period, and cash generated from non-cash working capital was \$1.7 million lower in the current period compared to the same period in 2012. There was \$1.7 million in cash from operations in discontinued operations. Cash generated from non-cash working capital in the three months ended September 30, 2013 compared to the comparative 2012 period, was due to changes in (1) the increase in cash from accounts receivable of \$3.5 million, (2) the decrease in use of prepaid expenses of \$0.6 million, and (3) the increases in interest payable of \$0.4 million. These were offset by, (3) the decrease in the use of accounts payable of \$2.2

million, (4) the decrease in cash from inventory of \$3.5 million, (5) the decrease in cash from deferred revenue of \$0.1 million and (6) the decrease in cash from taxes recoverable of \$0.6 million.

Cash used by investing activities was \$0.1 million during the third quarter of 2013, compared to cash used by investing activities of \$0 in the same period in 2012.

Cash from financing activities was \$1.6 million in the third quarter of 2013 compared to cash from in financing of \$0.5 million in the same period in 2012. The decrease of cash from financing of \$2.1 million was primarily driven by, (1) the net decrease of cash from related party loans of \$0.8 million. The decrease was offset by higher repayments of bank loans of \$1.3 million.

Cash Flows: Nine months ended September 30, 2013 and 2012

Cash from operating activities was \$1.0 million in the nine month period ended September 30, 2013 compared to \$5.0 million used in the same period of 2012. Cash used by operating activities was improved by \$6.0 million year over year. Cash generated from operations prior to changes in non-cash working capital is \$4.0 million higher than the prior period, and cash generated from non-cash working capital was capital was \$0.3 million higher in the nine month period ended compared to the same period in 2012. There was \$1.7 million in cash from operations in discontinued operations. Cash generated from non-cash working capital in the nine months ended September 30, 2013 compared to the comparative 2012 period, was due to changes in, (1) the increase in cash from accounts receivable of \$8.2 million, (2) the decrease of cash used for prepaid expenses of \$1.2 million, (3) the increases in interest payable of \$1.2 million and (4) the decrease of deferred revenue of \$0.1 million. These were offset by (5) the decrease in the use of accounts payable of \$5.2 million, (6) increase in cash from taxes recoverable of \$0.9 million, and (7) the decrease in cash from inventory of \$4.3 million.

Cash used by investing activities was \$0.1 million during the nine months of 2013, compared to cash from investing activities of \$0.1 million in the same period in 2012.

Cash used in financing activities was \$1.0 million in the nine months of 2013 compared to cash from in financing of \$3.4 million in the same period in 2012. The decrease of cash from financing of \$2.4 million was primarily driven by, (1) the net decrease of cash from related party loans of \$1.0 million and (2) higher repayments of bank loans of \$1.4 million.

Financial Resources

Cash and cash equivalents increased by \$1.0 million during the nine months ended September 30, 2013 from December 31, 2012. Working capital improved by \$14.7 million from the year-end 2012 position to negative \$19.2 million. The working capital increase can be attributed to (1) a reclassification of short-term loans to long-term loans due to loan refinancing agreements signed with the lender banks (net reduction of \$30.3 million), (2) an increase in cash and prepaids (\$1.8 million), (3) decreases in accounts payable (\$7.6 million) offset by; (4) decreases in accounts receivable, inventory, and tax receivables balances (\$22.3 million) and (5) increase in interest payable (\$2.7 million). See balance sheet discussion below for movement in specific accounts.

The Company's working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia harvest in China (third and fourth quarter each year), the

production output along with the amount of sales conducted during the period. The value of raw material in inventory has historically been the highest in the fourth quarter due to the fact that the Company purchases leaf during the third and fourth quarter for the entire production year which runs October through September each year. The Company's principal working capital needs include accounts receivable, taxes receivable, inventory, prepaid expenses, and other current assets, and accounts payable and interest payable.

Balance Sheet

In comparison to December 31, 2012, the total assets decreased by \$18.6 million as at September 30, 2013 that was split by a decrease in current assets of \$20.6 million and an increase in fixed term assets of \$2.0 million.

The decrease in the current assets was mainly driven by the following:

1. increase in cash and cash equivalents of \$1.0 million
2. increase in prepaid expenses of \$0.8 million
3. decrease of \$16.4 million in inventory
4. decrease in accounts receivable of \$5.2 million
5. decrease in taxes recoverable of \$0.8 million

The increase in the fixed term assets of \$2.2 million was due to the appreciation of the RMB against the Canadian dollar which exceeded the amortization for the period.

Current liabilities decreased by \$35.3 million as at September 30, 2013 in comparison to December 31, 2012 is mainly driven by; (1) a reclassification of short-term loans to long-term loans due to loan refinancing agreements signed with the lender banks (net \$30.4 million), (2) a decrease in accounts payable of \$7.7 million and offset by (3) an increase in Interest Payable of \$2.7 million.

Increase in long term liabilities of \$37.8 million is due to the increase in loans and accrued interest from related parties of \$5.8 million, a reclassification of \$28.6 million of short-term loans to long-term loans, and an issuance of convertible debenture of \$3.4 million during the period.

The Company has been working on improving its working capital deficiency situation which was driven by the impairments to inventory and accounts receivable over the years 2011 and 2012. (These inventory impairments totaled \$36.1 million as of December 31, 2012) The Company has been able to raise a three year loan with our Chairman and CEO to assist in the financing of the Company. The Company has also successfully refinanced its short term loans into longer term loans that improved its negative working capital by a net \$14.7 million as of the third quarter of 2013.

Shareholders' equity decreased by \$18.6 million due to an increase in deficit of \$23.0 million which was offset by an increase in accumulated other comprehensive income of \$2.8 million and an increase in common stock of \$1.6 million from the vesting of warrants, restricted shares and stock options.

Short Term Loans

The Company's short term loans consisted of borrowings from a private lender and from various banks in China as follows:

Short term borrowing from a private lender:

As at December 31, 2012	\$	623,222
Foreign Currency Adjustment		21,024
As at September 30, 2013	\$	644,246

During the year ended December 31, 2012, the Company renewed the short term borrowing from a private lender. The loan principal amount as of September 30, 2013 is \$644,246 and bear interest at 11.50% per annum. The short term borrowing is due on demand and does not have any attached covenants.

Bank loans as at September 30, 2013:

Lender	Maturity Date	Weighted average interest rate per	Loan amount in RMB	Loan amount in CAD
Huishang Bank	July 3, 2014	7.80%	5,000,000	\$ 839,997
Huishang Bank	July 5, 2014	7.20%	7,000,000	1,175,996
Bank of China	December 31, 2014	7.22%	22,100,000	3,712,788
Construction Bank of China	December 31, 2014	9.09%	42,888,674	7,205,274
Agricultural Bank of China	December 31, 2015	7.04%	186,590,116	31,347,039
Bank of Communication	December 31, 2015	11.97%	82,190,263	13,807,920
			345,769,054	\$ 58,089,015
Total current			175,313,195	\$ 29,452,523
Total non-current			170,455,859	\$ 28,636,493

Short term bank loans as at December 31, 2012:

Lender	Maturity Date	Interest rate per annum	Loan amount in RMB	Loan amount in CAD
Agricultural Bank of China	July 28, 2012	7.71%	3,000,000	\$ 479,103
Agricultural Bank of China	July 28, 2012	7.71%	28,000,000	4,471,629
Agricultural Bank of China	June 9, 2012	6.81%	55,928,387	8,931,821
Agricultural Bank of China	June 16, 2012	6.81%	20,000,000	3,194,021
Agricultural Bank of China	June 20, 2012	6.81%	80,000,000	12,776,083
Bank of Communication	February 25, 2012	7.98%	82,190,263	13,125,870
Bank of China	August 26, 2012	7.22%	3,292,523	525,819
Huishang Bank	September 7, 2013	7.20%	7,000,000	1,117,907
Huishang Bank	September 8, 2013	7.20%	8,000,000	1,277,608
Construction Bank of China	December 17, 2011	9.09%	30,000,000	4,791,031
Construction Bank of China	December 23, 2011	9.09%	16,988,674	2,713,109
Total Current			\$ 371,066,180	\$ 59,259,655

During the nine months ended September 30, 2013, the Company has signed loan refinancing agreements with Agricultural Bank of China, Bank of China, Construction Bank of China and Bank of Communication. The agreements detail the repayment of the outstanding loans with the four banks. Based on the agreements, the Company is scheduled to repay \$9,027,528 (RMB 52,700,000) during the year ended December 31, 2013, \$30,592,301 (RMB 178,588,674) during the year ended December 31, 2014 and \$19,334,187 (RMB 112,867,185) during the year ended December 31, 2015. During the nine months ended September 30, 2013, the Company reduced loan balances of RMB 25,297,127 with various banks.

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans. For the three months ended September 30, 2013, the weighted average interest capitalization was nil% (2012 – nil%).

Financial and Other Instruments

The Company's financial instruments comprise cash and cash equivalents, classified as "held-for-trading", accounts receivable and certain other assets that are financial instruments, classified as "loans and receivables", and short term loans, accounts payable, interest payable, advance from customer, due to related party, and non-current bank loan, classified as "other financial liabilities". The Company currently does not have any hedge instruments.

As at September 30, 2013, the Company recorded cash and cash equivalents at fair value. Recorded amounts for accounts receivable, accounts payable and accrued liabilities, short term loans, interest payable, advances from customers, and due to related party approximate their fair values due to the short-term nature of these instruments.

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. The Company's primary credit risk is on its cash and cash equivalents, restricted cash and accounts receivable.

The Company limits its exposure to credit risk by placing its cash and cash equivalents with various financial institutions. Given the current economic environment, the Company monitors the credit quality of the financial institutions it deals with on an ongoing basis.

The Company has a high concentration of credit risk as the accounts receivable was owed by fewer than ten customers. However, the Company believes that it does not require collateral to support the carrying value of these financial instruments. The carrying amount of financial assets represents the maximum credit exposure. The Company reviews financial assets, including past due accounts, on an ongoing basis with the objective of identifying potential events or circumstances which could delay or prevent the collection of funds on a timely basis. Based on default rates on customers with receivable balances at September 30, 2013, the Company believes that there are minimal requirements for an allowance for doubtful accounts against its accounts receivable.

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of a change in foreign exchange rates. The Company conducts its business primarily in US dollars, RMB, Canadian dollars and Hong Kong dollars. The Company is exposed to currency risk as the functional currency of its subsidiaries is other than Canadian dollars.

The majority of the Company's assets are held in subsidiaries whose functional currency is the RMB. The RMB is not a freely convertible currency. Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Company's capital account, are subject to foreign exchange controls

and require the approval of the PRC State Administration of Foreign Exchange. Developments relating to the PRC's economy and actions taken by the PRC government could cause future foreign exchange rates to vary significantly from current or historical rates. The Company cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into Canadian dollars of the Company's net assets and net profits. The Company cannot give any assurance that any future movements in the exchange rates of RMB against the Canadian dollar and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

All of the Company's operations in China are considered self-sustaining operations. The assets and liabilities of the self-sustaining operations are translated at exchange rates prevailing at the balance sheet date.

See the Company's year-end financial statements (note 24) for the period ending December 31, 2012 for further information on its financial and other instruments.

Contractual Obligations

1. The Company renewed two five-year operating leases with respect to land and production equipment at the Qingdao factory in China. The leases expire in 2016, and the annual minimum lease payments are approximately \$168,000 (RMB 1,000,000).
2. The Company entered into a 30-year agreement with the Dongtai City Municipal Government, located in the Jiangsu Province of China, for approximately 50 acres of land for its seed base operation. Rent of approximately \$133,000 (RMB 790,000) is paid every 10 years.
3. The Company entered into a 5-year agreement for office premises beginning June 1, 2011. The annual minimum lease payments are approximately \$145,000
4. In April 2008, the Company signed a twenty year agreement with the government of Juancheng County in the Shandong Province of China, which gave the Company exclusive rights to build and operate a stevia processing factory as well as the exclusive right to purchase high quality stevia leaf grown in that region. The agreement requires the Company to make a total investment in the Juancheng County of \$61,709,000 (US\$60,000,000) over the course of the twenty year agreement to retain its exclusive rights. As of September 30, 2013, the Company has not made any investment in the county and there is no liability if the Company eventually does not make any investment in the region. However, the Company may lose its exclusivity right if no investment is made by the end of the term of the agreement.

The minimum operating lease cash payments related to the above are summarized as follows:

2013	\$	77,904
2014		314,917
2015		316,293
2016		229,789
2017		-
Thereafter		266,000
Total	\$	1,204,903

Capital Structure

Outstanding Share Data as at November 14, 2013

	Shares
Common Shares Issued	33,362,804
Reserved For Issuance	
Warrants	3,881,894
Stock Options	2,556,803
Total Reserved For Issuance	6,438,697
Fully Diluted Shares	39,801,501

Transactions with Related Parties

a) Transactions with key management personnel

Key management personnel are those persons who have the authority and responsibility for planning, directing, and controlling activities of the Company directly or indirectly, including any external director of the Company.

Remuneration of key management of the Company as of September 30, 2013 is comprised of the following expenses:

	3 Months		9 Months	
	2013	2012	2013	2012
Short-term employee benefits (including salaries, Bonuses, fees and social security benefits)	\$ 184,965	\$ 181,671	\$ 549,673	\$ 362,310
Long-term employee benefits (including share-based benefits)	\$ 256,780	\$ 205,078	\$ 804,304	\$ 759,505
Total remuneration	\$ 441,745	\$ 386,749	\$1,353,976	\$1,121,816

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately \$1,200,000.

Key management did not exercise stock options granted under the Company's stock option plan in the three months ended September 30, 2013.

b) Amount due to related parties

As of September 30, 2013, the Company obtained loans of \$11,891,063 from the Company's Chairman and Chief Executive Officer (the "Lender"). These loans bore interest at China's 10-year benchmark government bond rate plus 11% per annum and not to be settled within a year to the balance sheet date. The loan proceeds were used for corporate working capital purposes to fund the operations of the Company. The

total amount due to the Lender including accrued interest was \$14,452,106. The loans provided by the Lender were necessitated by the Company's cash requirements in light of its inability to access funding from the equity markets and/or obtain additional bank financing.

While the Company was subject to cease trade orders (the "CTO's") issued by Canadian securities regulators and was unable to raise financing, Dr. Luke Zhang, CEO of the Company, provided separate loans to the Company in the equivalent amount of US\$6,879,710 on April 27, 2012, US\$1,000,000 on October 11, 2012, and US\$3,665,236 on May 30, 2013. In connection with each of these loans, the Company's Board of Directors approved the issuance of 100 common share purchase warrants for every US\$1,000 borrowed by the Company. The warrants could not be formally granted until the CTO's were revoked. Subsequent to the revocation of the CTO's, the Company granted, subject to approval of the Toronto Stock Exchange (the "TSX"), a total of 1,154,494 share purchase warrants at an exercise price of \$1.00 per share with an expiry date of 24 months from the date of approval by the TSX.

c) Subsidiaries

The following are the subsidiaries of the Company:

	Jurisdiction of incorporation	Ownership Interest	
		2013	2012
<u>Subsidiaries</u>			
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%
Anhui Bengbu HN Stevia High Tech Development Company Limited	China	100%	100%
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%
Dongtai Runyang Stevia High Tech Company Limited	China	100%	100%
Qingdao Runde Biotechnology Company Limited	China	100%	100%
Qingdao Runhao Stevia High Tech Company Limited	China	100%	100%
GLG Life Tech US, Inc.	USA	100%	100%
GLG Weider Sweet Naturals Corporation	Canada	55%	55%

Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that relevant information relating to the Company, including its consolidated subsidiaries, is made known to senior management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. As of the end of the period covered by this report, the Company's management evaluated, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in

National Instrument 52-109 Certification of Disclosure in Issuer's Annual and Interim filings ("NI 52-109"). The Company's Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2013, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports the Company files or submits to the Canadian Securities Administrators ("CSA") is recorded, processed, summarized and reported within the time periods specified therein and accumulated and reported to management to allow timely discussions regarding required disclosure.

The Company's management, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, is also responsible for establishing and maintaining internal control over financial reporting. These controls are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in Canada.

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in NI 52-109, as of September 30, 2013. In making this assessment, management used the criteria set forth in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on this assessment, management has concluded that an operational weakness existed as of September 30, 2013. The Company adopted IFRS from US GAAP during 2012. Analysis on impairment of assets under IFRS was subsequently reviewed by independent third party and a material error in the impairment of assets for the year ended December 31, 2011 under IFRS was noted. The Company had to restate the financial results for the year ended December 31, 2011 under IFRS.

The Company has undertaken the following actions to mitigate this operational weakness in financial reporting.

1. Engaged third party consultants with extensive experience in analysis on impairment of assets under IFRS to assist Management in determining the appropriate analytical assumptions, procedures and results.
2. Provided accounting staff training on IFRS through profession development courses.

It should be noted that while the officers of the Company have certified the Company's period-end filings, they do not expect that the disclosure controls and procedures or internal controls over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or implemented, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

Risks Related to the Company's Business

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. A prospective investor should carefully consider the risk factors set out below and consult with his, hers or its investment and professional advisors before making an investment decision. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In that case, the trading price of the common shares could decline substantially, and investors may lose all or part of the value of the common shares held by them.

There are a number of risk factors that could materially affect the business of GLG, which include but are not limited to the risk factors set out below. The Company has been structured to minimize these risks as best possible. More details about the following risk factors can be found in the Company's Annual Information Form filed on SEDAR at www.sedar.com.

- Intellectual Property Infringement
- Product Liability Costs
- Manufacturing Risk
- Inventory Risk
- Customer Concentration Risk
- Competition
- Government Regulations
- Consumer Perception of Products
- Changing Consumer Preferences
- Market Acceptance
- Dependence on Key Personnel
- Volatility of Share Prices

Risks Associated with Doing Business in the People's Republic of China

The Company faces the following additional risk factors that are unique to it doing business in China. More details about the following risk factors can be found in the Company's Annual Information Form.

- Government Involvement
- Changes in the Laws and Regulations in the People's Republic of China
- The Chinese Legal and Accounting System
- Currency Controls
- Additional Compliance Costs in the People's Republic of China
- Difficulties Establishing Adequate Management, Legal and Financial Controls in the People's Republic of China
- Capital Outflow Policies in the People's Republic of China
- Jurisdictional and Enforcement Issues
- Political System in the People's Republic of China

Additional Information

Additional information relating to the Company, including our Annual Information Form, is available on SEDAR (www.sedar.com). Additional information relating to the Company is also available on our website (www.glglifetech.com).