



GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended September 30, 2014

Dated: November 14, 2014

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated November 14, 2014, 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, 2014, 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, 2014, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2013. 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, which 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, plants 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, statements regarding potential demand for stevia and other products and discussions regarding general economic conditions and 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 to those additional risks set forth under the heading “Risk Factors” in the Company’s Annual Information Form for the financial year ended December 31, 2013. 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 positions 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 and have also recently entered the luohan guo extract market, having announced in July 2014 a significant contract to supply a global leader in the food industry with luohan guo extract. Stevia extracts, such as Rebaudioside A (or Reb A), and luohan guo extracts are used as all-natural, zero-calorie sweeteners in food and beverages. Our revenue presently derives primarily from the sale of high-grade stevia extract to the food and beverage industry, but the expansion into luohan guo extracts represents an additional source of actual and potential revenues. Furthermore, we have begun expanding into the supply of complementary ingredients under our Naturals+ product line.

We conduct our stevia and luohan guo development, refining, processing and manufacturing operations through our five wholly-owned subsidiaries in China. Our stevia operations in China include four processing factories, stevia growing areas across 10 growing regions, 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, our best-selling high-grade stevia product.

Revenues were \$3.8 million for the quarter ended September 30, 2014, compared to \$5.2 million for the quarter ended September 30, 2013. We had a net loss attributable to the Company of \$6.8 million for the quarter ended September 30, 2014, compared to a net loss of \$14.3 million for the comparable quarter in 2013.

Revenues were \$12.5 million for the nine months ended September 30, 2014, compared to \$11.9 million for the nine months ended June 30, 2013. We had a net loss attributable to the Company of \$14.6 million for the nine months ended September 30, 2014, compared to a net loss of \$24.3 million for the comparable period in 2013.

Summary of Significant Accounting Policies

The Company's significant accounting policies are subject to estimates and key judgments 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 annual consolidated financial statements for the period ended December 31, 2013 (the "Financial Statements").

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.

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 adopted the following standards and amendments effective January 1, 2014.

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 mandatory date of adoption for this standard has not been determined. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the Company's financial assets, but will not have an impact on classification and measurements of financial liabilities. The Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

IAS 36, Impairment of assets

IAS 36 was amended to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is effective to the Company as of January 1, 2014. The Company will incorporate the amendments into the procedures in the assessment of impairment of assets for the year ended December 31, 2014.

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, 2013.

Corporate Developments

Final Dismissal and Discontinuance of Shareholder Lawsuits

On February 3, 2014, the Company announced that the class action lawsuit filed against GLG for alleged failures to disclose certain information was dismissed. The Company secured a dismissal with prejudice of a securities class action filed against it and two of its officers (CEO Dr. Luke Zhang and President and CFO Brian Meadows) in the United States District Court for the Southern District of New York (the "Court"). In granting the Company's motion to dismiss the class action, the Court held that the Company had previously disclosed "substantial information [to] the market that suggested precisely that which plaintiffs alleged defendants failed to disclose" under the United States securities laws. The Court further found that "plaintiffs have failed to allege that defendants had a plausible motive to defraud investors," and noted the fact that Dr. Zhang "purchased a significant number of shares during the putative class period." Significantly, the Court also ruled that the Company "persuasively argue[d]" that it had also "disclosed all that was required" under Canadian securities regulations. On March 13, 2014, the Company announced that the deadline to appeal the judgment entered in favor of the Company and its officers had passed, and that the dismissal of this class action was final.

In addition, on September 30, 2014, the Company announced that the parallel proposed class action law suits filed in the Supreme Court of British Columbia and in the Ontario Superior Court of Justice have been discontinued. This brings an end to all shareholder actions previously brought against GLG.

Product Achievements Under FDA's GRAS Program

On April 14, 2014, the Company announced that it had submitted a Generally Recognized as Safe ("GRAS") notification with the United States Food and Drug Administration ("FDA") for its high-purity Rebaudioside M ("Reb M") stevia extract product. On October 27, 2014, GLG was pleased to announce that it had received a Letter of No Objection from the FDA regarding its submission for Reb M, one of the scarcest steviol glycosides.

On June 3, 2014, the Company announced that the FDA had issued a Letter of No Objection regarding GLG's earlier notification that its Rebsweet™ and AnySweetPlus™ stevia extract products were Generally Recognized as Safe. These extracts each contain over 95% steviol glycosides (predominantly Rebaudioside A and stevioside),

with Rebaudioside A content ranging from 50% to 85%.

On July 21, 2014, the Company announced that it had submitted a GRAS notification with the FDA for its high-purity Rebaudioside C stevia extract product. GLG believes that it is the first company to submit GRAS notification to the FDA for Rebaudioside C.

On October 2, 2014, the Company announced that it had submitted a GRAS notification with the FDA for its high-purity Rebaudioside D stevia extract product.

Consistent with its role as a leader in the sweetener industry, GLG continues to be at the forefront of stevia-related GRAS certifications. It has the largest number of stevia products certified under the GRAS process including high-purity Rebaudioside A and other Rebaudioside A products, high-purity stevioside, high-purity Rebaudioside M, high-purity Rebaudioside C, and high-purity Rebaudioside D. These latest GRAS designations further GLG's commitment to maintaining the highest quality standards for its products, and to ensure that each of its naturally-sourced sweetener products conforms to the GRAS compliance standards.

Changes to Convertible Debt Agreement

On September 12, 2014, the Company announced that it had finalized an agreement, then subject to regulatory approval by the TSX, that would result in conversion of a \$4.3 million obligation into shares in the Company. The obligation originated with GLG's disposition of its interest in its prior ANOC joint venture. Pursuant to that disposition, on September 30, 2013, GLG issued a three-year convertible note to China Agricultural Healthy Foods Limited ("CAHFC") with a principal amount of CAD \$4,295,532.65 due September 30, 2016, or convertible into common shares of GLG at \$1.80 per share.

The amended agreement required that the principal amount be instead immediately converted into common shares at \$1.00 per share, which, as of the September 11th closing price of the Company's stock, equated to a premium of 435%. The TSX granted approval of the agreement and the amended exercise price. On October 31, 2014, these additional shares issued, and CAHFC become an insider of GLG, holding approximately 11.4% of the issued and outstanding shares of the Company. At the same time, the debt obligation was eliminated.

With this accelerated conversion, GLG removed from its books this substantial \$4.3million liability.

Sales Developments

Luo Han Guo

GLG has been active in its plans to become a major supplier of Luo Han Guo ("LHG", also known as Chinese monk fruit) extract in 2014. It has taken a number of significant steps towards that end. These efforts resulted in a milestone contract to supply LHG extract to a global leader in the food industry. Some of the significant achievements in GLG's development of its LHG capabilities, including the supply agreement, are described below.

On February 3, 2014, the Company announced that it had filed a patent with the State Intellectual Property Bureau of the People's Republic of China for its proprietary process for extraction and production of high-purity LHG extracts as well as LHG formulations used in food and beverage applications. The Company also plans to seek International Patent Protection under the Patent Cooperation Treaty for this patent. The patent filing has two components; the first addresses GLG's proprietary industrial scale purification processes for LHG and the second addresses LHG formulations. Both components leverage our patented and proprietary techniques

developed for purification and formulation of high-purity stevia extract products. GLG expects that its proprietary LHG technology covered in this patent will result in higher yields of mogroside from the fruit and greater purity of extracts. The company is currently capable of producing LHG extracts up to 60% mogroside V purity and is working on 70 to 80% pure mogroside V extracts. These products are expected to be the highest available in the marketplace. Formulations in the patent cover a range of formulations, including stevia/LHG blends.

On July 21, 2014, GLG also announced that it had submitted a Generally Recognized as Safe notification with the FDA for its LHG extract products. The GRAS notification covers three distinct Luo Han Guo extracts, MV30, MV50, and MV60, each containing a minimum level of mogroside V (30%, 50%, and 60%, respectively). This GRAS notification furthers GLG's commitment to the GRAS process, as discussed above for its stevia extracts, for each of its naturally-sourced sweetener products.

The Company has also completed the majority of work to establish its fully integrated supply chain for LHG, including obtaining high-quality LHG seedlings, contracting with LHG growers and storage facilities, and developing patent-pending processing technology for high-purity LHG extract and quality assurance/quality control processes. GLG is in the process of making modifications to its Runyang stevia processing facility to produce the extracts. Key remaining activities include the harvest of LHG fruit this fall and completion of these modifications to enable LHG production. Production using this year's LHG crop is expected to start in the third quarter of 2014.

On July 23, 2014, GLG was pleased to announce that it had signed an agreement under which it will produce and supply LHG extract products to one of the global leaders in the food industry. GLG expects revenues from this twelve-month agreement to be in the range of \$9 to \$12 million (USD), and notes that achieving these revenues will be dependent on both the market price for LHG fruit as well as the Company's conformance to the customer's product specifications. While initially encompassing a one-year term corresponding to the 2014 growing season, harvest, and subsequent production, GLG and the customer have the express option to extend the agreement over future years.

This agreement not only marks GLG's entry into the Luo Han Guo production and supply space, it also immediately positions GLG to be a leading producer of Luo Han Guo products, and will enable the Company to capitalize significantly on its efforts over the past year.

Producing Luo Han Guo products is a natural extension of GLG's core stevia product line; these product lines are each naturally sourced sweetener ingredients and Luo Han Guo is often used complementarily. GLG differentiates itself from other Luo Han Guo producers in three ways: (1) its competitive advantage in establishing agriculture systems in China, including the introduction of Good Agriculture Practices (GAP) by its Luo Han Guo farmers, superior Luo Han Guo seedlings and its proven methods to expand the amount of farming in other crops such as stevia; (2) its advanced processing and extraction technology, which will enable GLG to more efficiently and economically produce Luo Han Guo extracts and (3) its large industrial processing capacity, which well positions GLG for anticipated growth in the Luo Han Market driven by international food and beverage companies.

Launch of organipure™

On March 7, 2014, the Company announced that it was launching its new line of stevia sweeteners—"organipure™". The organipure™ line includes purity levels that pair the clean finish and rounded sweetness that GLG stevia extracts are known for with organic certifications that are recognized both in North America and

Europe. GLG offers the largest portfolio of stevia extract-based sweetener solutions globally, providing a number of options within the organic line, allowing for the use of organipure™ stevia extract in both high-end and cost-constrained formulations aiming to provide consumers with an organic certified premium finished product. organipure™ was a natural step in the evolution of GLG's stevia offerings after extensive consultation with its customers and distribution partners. organipure™ represents a premium quality organic product with an exceptional taste profile.

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 2013 and the condensed interim consolidated financial statements for the three-month and nine-month periods ended September 30, 2014.

In thousands Canadian \$, except per share amounts	3 Months Ended September 30		% Change	9 months Ended September 30		% Change
	2014	2013		2014	2013	
Revenue	\$3,775	\$5,196	(27%)	\$12,447	\$11,884	5%
Cost of Sales	\$5,854	\$6,858	(15%)	\$14,705	\$15,448	(5%)
% of Revenue	155%	132%	23%	118%	130%	(12%)
Gross Profit (Loss)	(\$2,078)	(\$1,662)	25%	(\$2,258)	(\$3,564)	(37%)
% of Revenue	(55%)	(32%)	(23%)	(18%)	(30%)	12%
Expenses	\$2,268	\$1,842	23%	\$6,553	\$7,112	(8%)
% of Revenue	60%	35%	25%	53%	60%	(7%)
Loss from Operations	(\$4,346)	(\$3,503)	24%	(\$8,811)	(\$10,677)	(17%)
% of Revenue	(115%)	(67%)	(48%)	(71%)	(90%)	19%
Other Income (Expenses)	(\$2,445)	(\$10,834)	(77%)	(\$5,728)	(\$13,669)	(58%)
% of Revenue	(65%)	(209%)	144%	(46%)	(115%)	69%
Net (Loss) before Income	(\$6,791)	(\$14,338)	(53%)	(\$14,539)	(\$24,346)	(40%)
% of Revenue	(180%)	(276%)	96%	(117%)	(205%)	88%
Net (Loss)	(\$6,792)	(\$12,480)	(46%)	(\$14,573)	(\$22,999)	(37%)
% of Revenue	(180%)	(240%)	(25%)	(117%)	(194%)	(40%)
Net (Loss) from continuing	(\$6,792)	(\$14,338)	(53%)	(\$14,573)	(\$24,347)	(40%)
% of Revenue	(180%)	(276%)	96%	(117%)	(205%)	88%
Net gain (loss) from discontinued operations	\$0	\$1,857	(100%)	\$0	\$1,348	(100%)
% of Revenue	0%	0%	0%	0%	0%	0%
Loss per share (LPS, Basic & Diluted)	(\$0.20)	(\$0.37)	(45%)	(\$0.44)	(\$0.70)	(38%)
Loss per share from continuing operations (LPS,	(\$0.20)	(\$0.43)	(53%)	(\$0.44)	(\$0.74)	(41%)
Loss per share from discontinued operations	\$0.00	\$0.06	(100%)	\$0.00	\$0.04	(100%)
Other Comprehensive Income (Loss) from	\$2,129	(\$1,824)	(217%)	\$283	\$2,721	(90%)
% of Revenue	56%	(35%)	92%	2%	23%	(21%)
Other Comprehensive Income (Loss) from	\$0	\$6	(100%)	\$0	\$68	(100%)
% of Revenue	0%	0%	(%)	0%	1%	(1%)
Total Comprehensive	(\$4,663)	(\$14,299)	(67%)	(\$14,289)	(\$20,210)	(29%)
% of Revenue	(124%)	(275%)	152%	(115%)	(170%)	55%

Revenue

Revenue for the three months ended September 30, 2014, was \$3.8 million, a decrease of 27% compared to \$5.2 million in revenue for the same period last year.

This 27% decrease in sales comparing the third quarter in 2014 to the third quarter in 2013 was due to a 55% decrease in sales of products in China compared to the prior year. International sales in the third quarter of 2014 increased by 59% compared to the prior period, reflecting the Company's continuing strategy of moving away from sales of lower-purity stevia extract sales to other China-based stevia providers, instead pursuing international customers that generate monthly recurring revenues from higher-purity stevia extracts. International sales have contributed 54% of the third quarter 2014 sales compared to only 25% for the comparable period in 2013.

Revenue for the nine months ended September 30, 2014, was \$12.5 million, an increase of 5% compared to \$11.9 million in revenue for the same period last year.

This 5% increase in sales comparing the first nine months in 2014 to the first nine months in 2013 was driven by higher volumes of products sold internationally compared to the prior year. The main revenue increase came from international sales for the nine month period in 2014 compared to the prior period, reflecting the Company's continuing strategy of moving away from sales of lower-purity stevia extract sales to other China-based stevia providers, instead pursuing international customers that generate monthly recurring revenues from higher-purity stevia extracts. International sales were up 89% for the nine months ended September 30, 2014. International sales have contributed 51% of year to date 2014 revenues compared to only 29% for the comparable period in 2013. China revenues for the nine months ended in 2014 were down 29% from the comparable period.

The other sales growth initiatives in 2014 include the introduction of the Company's second zero calorie natural sweetener—Luo Han Guo or "monk fruit"—and the sale of other natural ingredients complementary to stevia (our GLG Naturals+ line of products). GLG signed its first contract for the supply of Luo Han Guo in July of 2014; however there was no associated revenue in the third quarter, as deliveries are expected to commence in the fourth quarter of 2014. GLG also secured its first sale within the Naturals+ line of products during the second quarter, with delivery and payments beginning in the third quarter.

Cost of Sales

For the three months ended September 30, 2014, the cost of sales was \$5.9 million compared to \$6.9 million in cost of sales for the same period last year (a \$1.0 million or 15% decrease). Cost of sales as a percentage of revenues was 155% compared to 132% in the prior period, an increase of 22 percentage points. The cost of sales as a percentage of revenue was higher for the three months period ended September 30, 2014, compared to prior year due to the impact of (1) higher production costs and (2) higher capacity charges. Capacity charges charged to the cost of goods sold ordinarily would flow to inventory and is the largest factor on reported gross margin. Only two of GLG's manufacturing facilities were operating during the third quarter and capacity charges of \$0.9 million were charged to cost of sales (representing 15% of cost of sales) compared to \$0.8 million charged to cost of sales in 2013 (representing 12% of cost of sales).

Cost of sales for the nine months ended September 30, 2014, was \$14.7 million compared to \$15.4 million for the same period last year or a decrease of 5%. Cost of sales as a percentage of revenues was 118% compared to 130% in the prior period, a decrease of 12 percentage points. The cost of sales as a percentage of revenue was lower for the nine months period ended September 30, 2014, compared to prior year due to the impact of (1) lower material costs and (2) lower capacity charges. Capacity charges charged to the cost of goods sold ordinarily would flow to inventory and the largest factor on reported gross margin. Only two of GLG's manufacturing facilities were operating during the nine months ended September 30, 2014, and capacity charges of \$1.7 million were charged to cost of sales (representing 12% of cost of sales) compared to \$1.7 million charged to cost of sales in 2013 (representing 11% of cost of sales).

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 July and continues through the fall of each year. GLG's operations in China are also impacted by Chinese New Year celebrations, which occur approximately late-January to mid-February each year, and during which many businesses close down operations for approximately two weeks. GLG's production year runs October 1 through September 30 each year.

Gross Profit (Loss)

Gross loss for the three months ended September 30, 2014, was \$2.1 million, an increase of \$0.4 million over \$1.7 million in gross loss for the comparable period in 2013. The gross profit margin for the three-month period ended September 30, 2014, was negative 55% compared to a negative 32% for the three months ended September 30, 2013, or a reduction of 23 percentage points from the previous year. The gross margin for the three-month period ended September 30, 2014, was impacted by (1) higher production costs and (2) capacity and other fixed charges to the cost of goods sold. These capacity charges ordinarily would flow to inventory; however, only two of GLG's manufacturing facilities were operating during the quarter and capacity charges of approximately \$0.9 million were incurred (compared to \$0.8 million in 2013).

Gross loss for the nine months ended September 30, 2014, was \$2.3 million, a decrease of 37% over \$3.6 million in gross loss for the comparable period in 2013. The gross profit margin for the nine-month period ended September 30, 2014, was negative 18% compared to negative 30% for the nine months ended September 30, 2013, or an improvement of 12 percentage points from the previous year. The gross margin for the nine-month period ended September 30, 2014, was impacted by (1) general price increases for stevia extracts for most of the Company's customers (international and China), (2) generally lower material costs incurred during the nine months and (3) capacity and other fixed charges to the cost of goods sold for the nine-month period ended September 30, 2014. As noted above, these capacity charges ordinarily would flow to inventory, but instead, capacity charges of approximately \$1.7 million were incurred (compared to \$1.7 million in 2013).

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 below:

In thousands Canadian \$	3 Months Ended September 30		% Change	9 months Ended September 30		% Change
	2014	2013		2014	2013	
G&A Exp	\$1,833	\$1,394	31%	\$4,954	\$5,869	(16%)
Stock Based Compensation Exp	\$374	\$236	59%	\$1,272	\$777	64%
Amortization Exp	\$60	\$212	(71%)	\$328	\$466	(30%)
Total	\$2,268	\$1,842	23%	\$6,553	\$7,112	(8%)

G&A expenses for the three months ended September 30, 2014, was \$1.8 million compared to \$1.4 million in the same period in 2013 or a \$0.4 million increase year-over-year. The majority of the increase was due to an increase in salary and office-related expenses of \$0.2 million related to higher sales activities and \$0.1 million research and development expenses related to the Company's GRAS program.

G&A for the nine months ended September 30, 2014, was \$5.0 million compared to \$5.9 million in the same period in 2013 or a \$0.9 million decrease year-over-year. G&A increases were seen in consulting fees, salaries and wages (\$0.2 million), business taxes (\$0.1 million), research and development (\$0.2 million) and rent (\$0.1 million); offsetting these increases was a \$1.5M decrease in impairment charges related to accounts receivable.

Stock-based compensation was \$0.4 million for the three months ended September 30, 2014, compared with \$0.2 million in the same quarter of 2013. 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 \$1.3 million for the nine months ended September 30, 2014, compared with \$0.8 million in the same period of 2013.

G&A related depreciation and amortization expenses for the three months ended September 30, 2014, were \$0.1 million compared with \$0.2 million for the prior year. G&A related depreciation and amortization expenses for the nine months ended September 30, 2014, were \$0.3 million compared with \$0.4 million for the prior year.

Other Expenses

In thousands Canadian \$	3 Months Ended September 30			9 months Ended September 30		
	2014	2013	% Change	2014	2013	% Change
Other Income (Expenses)	(\$2,445)	(\$10,834)	(77%)	(\$5,728)	(\$13,669)	(58%)
% of Revenue	(65%)	(209%)	144%	(46%)	(115%)	69%

Other expenses for the three months ended September 30, 2014, was \$2.5 million, an \$8.3 million decrease compared to \$10.8 million for the same period in 2013. The decrease is attributable to a decrease of inventory impairment charges of \$8.6 million incurred in the third quarter of 2013. Other expenses for the nine months ended September 30, 2014, was \$5.7 million, an \$8.0 million decrease compared to \$13.7 million for the same period in 2013. The decrease in other expenses for the nine month period ending September 30, 2014, is attributable to lower inventory impairment charges in 2014 compared to the prior period.

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, 2014, the exchange rate for RMB per Canadian dollar was 5.4765 compared to the exchange rate of 5.6915 as at December 31, 2013, reflecting an appreciation of the RMB against the Canadian dollar. The balance of the AOCI was \$10.7 million on September 30, 2014, compared to a balance of \$10.4 million as at December 31, 2013.

As at September 30, 2014, the exchange rate for USD per Canadian dollar was 0.8922 compared to the exchange rate of 1.0636 as at December 31, 2013, reflecting an appreciation of the USD against the Canadian dollar.

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 gains were \$0.7 million for the third quarter of 2014 compared to the foreign exchange losses of \$0.4 million for the comparable period in 2013. Foreign exchange losses were \$0.6 million for the first nine months of 2014 compared to the foreign exchange gain of \$0.4 million for the comparable period in 2013. The majority of the foreign exchange losses were due to the USD-denominated debt held by the Company. The table below shows the change in the Canadian dollar relative to the US dollar from December 31, 2012, to September 30, 2014, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown below.

Foreign Exchange Rates

Exchange rates	2014	2014	2014	2013	2013	2013	2013	2012
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	0.8922	0.9367	0.9047	1.0636	1.0285	1.0512	1.0156	0.9949
Chinese Yuan	5.4765	5.8106	5.6243	5.6915	5.9524	5.8377	6.1200	6.2617

Exchange rates	2014	2014	2014	2013	2013	2013	2013	2012
Noon rate (as compared to the US \$)	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Chinese Yuan	6.138	6.2034	6.2165	6.0535	6.1220	6.1365	6.2157	6.2298

Net Loss Attributable to the Company

In thousands Canadian \$	3 Months Ended September 30		% Change	9 months Ended September 30		% Change
	2014	2013		2014	2013	
Net Loss	(\$6,792)	(\$12,480)	(46%)	(\$14,573)	(\$22,999)	(37%)
% of revenue	(180%)	(276%)	96%	(117%)	(205%)	88%

For the three months ended September 30, 2014, the Company had a net loss attributable to the Company of \$6.8 million, a decrease of \$5.7 million or a 45% improvement over the comparable period in 2013 (\$12.5 million loss). The decrease in net loss was driven by (1) a decrease in other expenses of \$8.4 million, and (2) a decrease in loss from discontinued operations of \$1.9 million. These decreases were offset by (3) a decrease in gross profit of \$0.4 million and (4) an increase in G&A expenses of \$0.4 million.

For the nine months ended September 30, 2014, the Company had a net loss attributable to the Company of \$14.6 million, a decrease of \$8.4 million over the comparable period in 2013 (\$23.0 million loss). The decrease in net loss was driven by: (1) an increase in gross profit of \$1.3 million, (2) a decrease in SG&A expenses of \$0.6 million and (3) a decrease in other expenses of \$7.9 million. These gains were offset by the reduction in a decrease in loss from discontinued operations of \$1.3 million.

Comprehensive Loss

In thousands Canadian \$	3 Months Ended September 30		% Change	9 months Ended September 30		% Change
	2014	2013		2014	2013	
Net Loss	(\$6,792)	(\$12,480)	(46%)	(\$14,573)	(\$22,999)	(37%)
Other comprehensive income (loss)	\$2,129	(\$1,818)	(217%)	\$283	\$2,789	(90%)
Other Comprehensive Income (Loss) from continuing operations	\$2,129	(\$1,824)	(217%)	\$283	\$2,721	(90%)
% of Revenue	56%	(35%)	92%	2%	23%	(21%)
Other Comprehensive Income (Loss) from discontinued operations	\$0	\$6	(100%)	\$0	\$68	(100%)
% of Revenue	0%	0%	(%)	0%	1%	(1%)
Total comprehensive income (Loss)	(\$4,663)	(\$14,299)	(67%)	(\$14,289)	(\$20,210)	(29%)

The Company recorded total comprehensive loss of \$4.7 million for the three months ended September 30, 2014, comprising \$6.8 million of net loss attributable to the Company and \$2.2 million of other comprehensive income. The Company recorded total comprehensive loss of \$14.3 million for the three months ended September 30, 2013, comprising \$12.5 million of net loss attributable to the Company and \$1.8 million of other comprehensive loss.

The Company recorded a total comprehensive loss of \$14.3 million for the nine months ended September 30, 2014, comprising \$14.6 million of net loss attributable to the Company and \$0.3 million of other comprehensive loss. The Company recorded a total comprehensive loss of \$20.2 million for the nine months ended September 30, 2013, comprising \$23.0 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	2014 Q3	2014 Q2	2014 Q1	2013 Q4	2013 Q3	2013 Q2	2013 Q1	2012 Q4
Revenue	\$3,775	\$4,008	\$4,663	\$4,138	\$5,196	\$3,446	\$3,243	\$8,277
Gross Profit \$	(\$2,078)	\$374	(\$554)	\$1,862	(\$1,662)	(\$1,464)	(\$438)	(\$1,661)
Gross Profit %	(52%)	8%	(12%)	45%	(32%)	(42%)	(14%)	(20%)
Net Loss	(\$6,792)	(\$2,809)	(\$4,972)	(\$3,431)	(\$12,480)	(\$6,795)	(\$3,723)	(\$11,789)
Gain (loss) from continuing operations	(\$6,792)	(\$2,809)	(\$4,972)	(\$5,461)	(\$14,338)	(\$6,440)	(\$3,569)	(\$9,646)
Gain (loss) from discontinued operations	\$0	\$0	\$0	\$2,030	\$1,857	(\$355)	(\$154)	(\$2,143)
Basic Income (Loss) Per Share	(\$0.20)	(\$0.08)	(\$0.15)	(\$0.10)	(\$0.37)	(\$0.20)	(\$0.11)	(\$0.36)
Basic LPS from continuing operations	(\$0.20)	(\$0.08)	(\$0.15)	(\$0.16)	(\$0.43)	(\$0.19)	(\$0.10)	(\$0.29)
Basic LPS from discontinued operations	\$0.00	\$0.00	\$0.00	\$0.06	\$0.06	(\$0.01)	(\$0.01)	(\$0.07)
Diluted Income (Loss) Per Share	(\$0.20)	(\$0.29)	(\$0.15)	(\$0.10)	(\$0.37)	(\$0.20)	(\$0.11)	(\$0.36)
Diluted LPS from continuing operations	(\$0.20)	(\$0.29)	(\$0.15)	(\$0.16)	(\$0.43)	(\$0.19)	(\$0.10)	(\$0.29)
Diluted LPS from discontinued operations	\$0.00	\$0.00	\$0.00	\$0.06	\$0.06	(\$0.01)	(\$0.01)	(\$0.07)

Quarterly Net Loss

For the three months ended September 30, 2014, the Company had a net loss attributable to the Company of \$6.8 million, a decrease of \$5.7 million or a 45% improvement over the comparable period in 2013 (\$12.5 million loss). The decrease in net loss was driven by (1) a decrease in other expenses of \$8.4 million, and (2) a decrease in loss from discontinued operations of \$1.9 million. These decreases were offset by (3) a decrease in gross profit of \$0.4 million and (4) an increase in G&A expenses of \$0.4 million.

For the three months ended June 30, 2014, the Company had a net loss attributable to the Company of \$2.8 million, a decrease of \$4.0 million or a 56% improvement over the comparable period in 2013 (\$6.8 million loss). The decrease in net loss was driven by: (1) an increase in gross profit of \$1.8 million, (2) a decrease in other expenses of \$0.5 million, (3) a decrease in SG&A expenses of \$1.3 million and (4) a decrease in loss from discontinued operations of \$0.4 million.

For the three months ended March 31, 2014, the Company had a net loss attributable to the Company of \$5.0 million compared to a net loss of \$3.7 million for same period in 2013. The increase of \$1.3 million loss was driven by: (1) a decrease in gross profit of \$0.2 million, (2) an increase in G&A expenses of \$0.3 million and (3) an increase from other expenses of \$0.9 million. These items were offset by a decrease in loss from discontinued operations of \$0.1 million.

For the three months ended December 31, 2013, the Company had a net loss attributable to the Company of \$3.4 million compared to a net loss of \$11.8 million for same period in 2012. The decrease of \$8.4 million loss was driven by: (1) an increase in gross profit of \$3.2 million, (2) a decrease in other expenses of \$3.9 million and (3) a gain from discontinued operations of \$4.3 million. These items were offset by an increase in G&A expenses of \$3.0 million. The net loss from continuing operations was \$5.5 million and the net gain from discontinued operations was \$2.0 million.

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. The net

loss from continuing operations was \$14.3 million and the net gain from discontinued operations was \$1.9 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. The net loss from continuing operations was \$6.4 million and the net loss from discontinued operations was \$0.4 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. The net loss from continuing operations was \$3.6 million and the net loss from discontinued operations was \$0.2 million.

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.

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share from operations was \$0.20 for the third quarter of 2014 compared with a basic and diluted net loss from both continuing and discontinued operations of \$0.38 for the same period in 2013. For the three months ended September 30, 2014, the Company had a net loss attributable to the Company of \$6.8 million, a decrease of \$5.7 million or a 45% improvement over the comparable period in 2013 (\$12.5 million loss). The decrease in net loss was driven by (1) a decrease in other expenses of \$8.4 million, and (2) a decrease in loss from discontinued operations of \$1.9 million. These decreases were offset by (3) a decrease in gross profit of \$0.4 million and (4) an increase in G&A expenses of \$0.4 million.

The basic loss and diluted loss per share from operations was \$0.09 for the second quarter of 2014 compared with a basic and diluted net loss from both continuing and discontinued operations of \$0.21 for the same period in 2013. For the three months ended June 30, 2014, the Company had a net loss attributable to the Company of \$2.8 million, a decrease of \$4.0 million or a 56% improvement over the comparable period in 2013 (\$6.8 million loss). The decrease in net loss was driven by: (1) an increase in gross profit of \$1.8 million, (2) a decrease in other expenses of \$0.5 million, (3) a decrease in SG&A expenses of \$1.3 million and (4) a decrease in loss from discontinued operations of \$0.4 million.

The basic loss and diluted loss per share from operations was \$0.15 for the first quarter of 2014 compared with a basic and diluted net loss from both continuing and discontinued operations of \$0.11 for the same period in 2013. For the three months ended March 31, 2014, the Company had a net loss attributable to the Company of \$5.0 million compared to a net loss of \$3.7 million for same period in 2013. The increase of \$1.3 million loss was driven by: (1) a decrease in gross profit of \$0.2 million, (2) an increase in G&A expenses of \$0.3 million and (3) an increase from other expenses of \$0.9 million. These items were offset by a decrease in loss from discontinued operations of \$0.1 million.

The basic loss and diluted loss per share from both continuing and discontinued operations was \$0.10 for the fourth quarter of 2013 compared with a basic and diluted net loss from both continuing and discontinued operations of \$0.36 for the same period in 2012. The basic and diluted loss per share from continuing operations was \$0.16 per share. The basic and diluted earnings per share from discontinued operations was \$0.06 per share. For the three months ended December 31, 2013, the Company had a net loss attributable to the Company of \$3.4 million compared to a net loss of \$11.8 million for same period in 2012. The decrease of \$8.4 million loss was driven by: (1) an increase in gross profit of \$3.2 million, (2) a decrease in other expenses of \$3.9 million and (3) a gain from discontinued operations of \$4.3 million. These items were offset by (3) an increase in G&A expenses of \$3.0 million.

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. The basic and diluted loss per share from continuing operations was \$0.43 per share. 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. The basic and diluted loss per share from continuing operations was \$0.19 per share. 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 (4) a decrease in loss attributable to non-controlling interests of \$0.5 million and (5) an increase in income tax expense of \$0.1 million.

NON-GAAP Financial Measures

Gross Profit (Loss) before capacity charges

This non-GAAP financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation in the first nine months of 2014 and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross Profit (Loss) before capacity charges for the three months ended September 30, 2014, was negative \$1.2 million or negative 32% of third quarter revenues, compared to negative \$0.8 million or negative 16% of third quarter revenues for the same period in 2013. Gross Profit (Loss) before capacity charges declined from the comparable period due to higher production costs.

Gross Margin before capacity charges for the nine months ended September 30, 2014, was negative \$0.5 million or negative 4% of nine month revenues, compared to negative \$1.9 million or negative 16% of nine month revenues for the same period in 2013. Gross Profit (Loss) before capacity charges improved from the comparable period due to the sourcing of lower-cost stevia extract materials used during the nine months period ended September 30, 2014, higher production volumes for the nine months ended September 30, 2014, compared to the prior year and higher pricing implemented during nine months ended September 30, 2014.

Earnings before Interest Taxes and Depreciation (“EBITDA”) and EBITDA Margin

Consolidated EBITDA

EBITDA for the quarter ended September 30, 2014, was negative \$3.0 million or negative 78% of revenues, compared to negative \$1.0 million or negative 19% of revenues for the same period in 2013. EBITDA declined by 59 percentage points for the three-month period ended September 30, 2014, driven by higher production costs in the third quarter.

EBITDA for the nine months ended September 30, 2014, was negative \$4.9 million or negative 39% of revenues compared to negative \$6.0 million or negative 51% of revenues for the nine months ended September 30, 2013. EBITDA improved by 12 percentage points for the nine-month period ended September 30, 2014, driven by overall lower-cost stevia extract materials used in the nine months ended September 30, 2014 as well as production cost improvements experienced during the period as production volumes improved compared to the previous year and due to the general price increases implemented during the second quarter of 2014 for the majority of its customers (International and China).

In thousands Canadian \$	3 Months Ended September 30		% Change	9 months Ended September		% Change
	2014	2013		2014	2013	
Loss Before Income Taxes and Non-Controlling Interests	(\$6,792)	(\$12,480)	-46%	(\$14,573)	(\$22,999)	(37%)
Add:						
Provision for prepaids	354	-	-	354	-	0%
Proision for inventory write-off	(43)	8,614	(100%)	(1,060)	8,614	(112%)
Provision for receivables	(\$297)	\$0	0%	(\$297)	\$0	0%
Net Interest Expense	\$1,701	\$1,684	1%	\$5,434	\$5,259	3%
Depreciation and Amortization	\$1,084	\$507	114%	\$3,440	\$2,703	27%
Foreign Exchange Loss (Gain)	\$663	\$373	78%	\$583	(\$367)	(259%)
Non-Cash Share Compensation	\$374	\$295	27%	\$1,272	\$777	64%
EBITDA	(\$2,956)	(\$1,008)	193%	(\$4,848)	(\$6,013)	(19%)
EBITDA as a % of revenue	(78%)	(19%)	304%	(39%)	(51%)	(23%)

Liquidity and Capital Resources

In thousands Canadian \$	30-Sep-14	31-Dec-13
Cash and Cash Equivalents	\$ 3,248	\$5,133
Working Capital	\$ (52,192)	(\$29,445)
Total Assets	\$ 81,704	\$87,796
Total Liabilities	\$ 108,089	\$101,164
Loan Payable (<1 year)	\$ 52,122	\$40,663
Loan Payable (>1 year)	\$ 12,519	\$23,010
Total Equity	\$ (26,385)	(\$13,367)

The Company continues to progress with the following measures to manage cash flow of the Company: paying down short-term loans, reducing accounts payable and negotiating with creditors for 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. During the nine months ended September 30, 2014, total loans payable increased from \$63.6 million as of December 31, 2013, to \$64.6 million or an increase of \$1.0 million. The largest impact on the increase in the Company's negative working capital is the change in classification of \$10.5 million longer term debt as of December 31, 2013 to short term debt as of September 30, 2014. The Company is currently also exploring the possible sale of certain non-operating facilities as another possibility to address the negative working capital situation.

Cash Flows: Three months ended September 30, 2014 and 2013

Cash generated from operating activities was \$2.3 million in the three-month period ended September 30, 2014, compared to \$1.4 million generated by operating activities in the same period of 2013. Cash generated by operating activities increased by \$0.9 million year-over-year. (1) Cash generated from operations prior to

changes in non-cash working capital is \$0.2 million lower than the same period last year, and (2) cash generated from non-cash working capital was \$2.8 million higher in the current period compared to the same period in 2013. (3) Lastly cash from discontinued operations in 2013 generated an additional \$1.8 million in cash compared to \$nil in the current period. The \$2.8 million higher cash generated from non-cash working capital in the three months ended September 30, 2014, compared to the comparative 2013 period, was due to changes in the increase in the use of accounts payable, advances to related parties and interest payable of \$4.3 million, (2) the decrease in cash use for prepaid expenses of \$0.1 million; and these were offset by (3) the decrease in cash generated from accounts receivable of \$1.4 million and (4) the decrease in cash generated by inventory of \$0.2 million.

Cash used by investing activities was \$0.7 million during the third quarter of 2014 related to required plant modifications for its facility to process Luo Han Guo extract, compared to cash used by investing activities of \$nil million in the same period in 2013.

Cash generated from financing activities was \$0.2 million in the third quarter of 2014 compared to cash used in financing of \$1.8 million in the same period in 2013. The increase of cash from financing of \$2.0 million was primarily driven by the net decrease in repayments of short term loans of \$1.0 million which was offset by an increase in financing from related party loans of \$1.0 million.

Cash Flows: Nine months ended September 30, 2014 and 2013

Cash generated from operating activities was \$0.5 million in the nine-month period ended September 30, 2014, compared to \$2.3 million generated by operating activities in the same period of 2013. Cash generated from operating activities decreased by \$1.8 million year-over-year. (1) Cash used in operations prior to changes in non-cash working capital is \$0.1 million higher than the prior period, and (2) cash generated from non-cash working capital was \$nil million change in the current period compared to the same period in 2013. (3) Lastly cash from discontinued operations in 2013 generated an additional \$1.8 million in cash. The \$nil million change cash generated from non-cash working capital in the nine months ended September 30, 2014, compared to the comparable 2013 period, was due to changes in (1) the increase in the use of accounts payable, advances to related parties and interest payable of \$9.3 million, (2) the increase in cash use for prepaid expenses of \$0.7 million and (3) the decrease in cash from taxes recoverable of \$0.2 million; these were offset by (4) the decrease in cash generated from accounts receivable of \$6.2 million, (5) the decrease in cash generated by inventory of \$3.5 million.

Cash used by investing activities was \$0.8 million during the first nine months of 2014 related to required plant modifications for its facility to process Luo Han Guo extract, compared to cash used by investing activities of \$0.1 million in the same period in 2013.

Cash used in financing activities was \$0.6 million in the nine months ended September 30, 2014, compared to cash used in financing activities of \$0.9 million in the same period in 2013. The decrease of cash used in financing of \$0.3 million was primarily driven by the net decrease in repayments of short term loans of \$3.1 million which was offset by an increase in financing from related party loans of \$2.8 million.

Financial Resources

Cash and cash equivalents decreased by \$1.9 million during the nine months ended September 30, 2014, from December 31, 2013. Working capital declined by \$22.7 million from the year-end 2013 position to negative \$52.2 million. The working capital decrease can be attributed to (1) a reclassification of \$10.7 million long-term loans to short-term loans in accordance with the terms of the loan refinancing agreements signed with the lender banks in 2013, (2) decreases in inventory, prepaid and tax receivables balances (\$6.3 million), (3) an increase in interest payable (\$2.3 million) and (4) a decrease in cash (\$1.9 million) offset by (5) increases in accounts receivable of \$1.0 million and (6) increase in accounts payable (\$0.7million). See the 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) and 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, other current assets, and accounts payable and interest payable.

Balance Sheet

In comparison to December 31, 2013, the total assets decreased by \$6.1million as at September 30, 2014; this was split between a decrease in current assets of \$7.2 million and an increase in fixed term assets of \$1.1 million.

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

1. decrease in cash and cash equivalents of \$1.9 million
2. decrease in prepaid expenses of \$0.5 million
3. decrease in inventory of \$4.9 million
4. decrease in taxes recoverable of \$0.8 million
5. increase in accounts receivable of \$1.0 million

The increase in the fixed term assets of \$1.1 million was due to a combination of the appreciation of the RMB against the Canadian dollar, increased in fixed assets during the quarter for the Company's Luo Han Guo production line and amortization for the period.

Current liabilities increased by \$15.5 million as at September 30, 2014, in comparison to December 31, 2013, and is driven by (1) a reclassification of long-term loans to short-term loans in accordance with the refinancing agreements signed with the lender banks in 2013 (\$10.7 million increase from long term loans) and repayment of \$1.6 million during the period, and (2) an increase in Interest Payable of \$2.3 million offset by (3) a increase in accounts payable of \$0.7 million.

Decrease in long-term liabilities of \$8.6 million is due to the increase in loans and accrued interest from related parties of \$1.8 million and a reclassification of \$10.7 million of long-term loans.

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, 2012 and 2013. (These inventory impairments totaled \$46.5 million as of December 31, 2013). The Company has been able to raise a three-year loan with our Chairman and CEO to assist in the financing of the Company as well as short term loan with another Director for \$1 million during the quarter for working capital purposes.

Shareholders' equity decreased by \$13.0 million due to an increase in deficit of \$14.6 million and, which was offset by an increase in common stock of \$1.3 million from the vesting of warrants, restricted shares and stock options and an increase in accumulated other comprehensive income of \$0.3 million.

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, 2013	\$	666,241
Foreign Currency Adjustment		35,844
As at September 30, 2014	\$	702,085

During the year ended December 31, 2013, the Company renewed the short term borrowing from a private lender. The loan principal amount as of September 30, 2014 is \$702,085 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, 2014:

Short term bank loan

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
\$ 547,795	3,000,000	December 31, 2015	7.71%	Agricultural Bank of China
5,112,754	28,000,000	December 31, 2015	7.71%	Agricultural Bank of China
1,825,984	10,000,000	December 31, 2015	7.13%	Agricultural Bank of China
1,785,812	9,780,000	December 31, 2015	7.13%	Agricultural Bank of China
9,416,981	51,572,096	December 31, 2015	6.48%	Agricultural Bank of China
14,607,870	80,000,000	December 31, 2015	6.48%	Agricultural Bank of China
14,824,223	81,184,858	December 31, 2015	11.97%	Bank of Communication
3,361,175	18,407,477	December 31, 2014	7.22%	Bank of China
7,765	42,523	December 31, 2014	7.22%	Bank of China
1,278,189	7,000,000	July 1, 2015	7.20%	Huishang Bank
5,477,951	30,000,000	December 31, 2014	9.09%	Construction Bank of China
2,280,476	12,489,025	December 31, 2014	9.09%	Construction Bank of China
\$ 60,526,975	331,475,978			
Short-term	\$ 51,419,944	221,601,324		
Long-term	\$ 9,107,031	109,874,655		

Bank loans as at December 31, 2013:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
\$	527,102	3,000,000	December 31, 2015	7.71%	Agricultural Bank of China
	4,919,617	28,000,000	December 31, 2015	7.71%	Agricultural Bank of China
	1,757,006	10,000,000	December 31, 2015	7.13%	Agricultural Bank of China
	1,718,352	9,780,000	December 31, 2015	7.13%	Agricultural Bank of China
	9,320,916	53,049,991	December 31, 2015	6.48%	Agricultural Bank of China
	14,056,048	80,000,000	December 31, 2015	6.48%	Agricultural Bank of China
	14,440,879	82,190,263	December 31, 2015	11.97%	Bank of Communication
	3,409,905	19,407,477	December 31, 2014	7.22%	Bank of China
	104,107	592,523	December 31, 2014	7.22%	Bank of China
	878,503	5,000,000	July 3, 2014	7.80%	Huishang Bank
	1,229,904	7,000,000	July 5, 2014	7.20%	Huishang Bank
	5,271,018	30,000,000	December 31, 2014	9.09%	Construction Bank of China
	2,194,329	12,489,025	December 31, 2014	9.09%	Construction Bank of China
	<u>\$ 59,827,687</u>	<u>340,509,279</u>			
Short-term	<u>\$ 39,996,854</u>	<u>227,642,094</u>			
Long-term	<u>\$ 19,830,833</u>	<u>112,867,185</u>			

During the year ended December 31, 2013, the Company 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 all existing short-term loans totaling \$60,526,975 (RMB 331,475,978) with the four banks as of September 30, 2014. The Company is expected to pay \$33,253,410 (RMB 182,112,300) during the year ended December 31, 2014, and \$27,273,565 (RMB 149,363,678) during the year ended December 31, 2015.

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans. No interest capitalization for the nine months ended September 30, 2014 and 2013.

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 loans (classified as "other financial liabilities"). The Company currently does not have any hedge instruments.

As at September 30, 2014, 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, 2014, 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 when 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 25) for the period ending December 31, 2013, for further information on its financial and other instruments.

Contractual Obligations

Operating Leases

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 2018, and the annual minimum lease payments are approximately \$178,000 (RMB 1,000,000).

The Company entered into a thirty-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 \$140,000 (RMB 790,000) is paid every 10 years.

The Company entered into a five-year agreement for office premises located in Vancouver, Canada, beginning June 1, 2011. The annual minimum lease payments are approximately \$147,000.

Research and Development Contract

The Company entered into a thirteen-month research and development contract to support development of new stevia products beginning January 2014. The total payments are approximately \$144,000 (USD \$130,000).

The minimum cash payments related to the above are summarized below:

	Amount
2014	\$ 114,456
2015	341,985
2016	244,789
2017	91,299
2018	91,299
Thereafter	288,000
Total	\$ 1,171,829

Investment in Juancheng

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 \$66,320,000 (US\$60,000,000) over the course of the twenty-year agreement to retain its exclusive rights. As of September 30, 2014, 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.

Capital Structure

Outstanding Share Data as at the date of this MD&A:

Common Shares Issued	37,758,336
Reserved For Issuance	
Warrants	1,154,494
Stock Options	2,711,755
Total Reserved For Issuance	3,866,249
Fully Diluted Shares	41,624,585

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

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, 2014, is comprised of the following expenses:

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
Short-term employee benefits (including salaries, Bonuses, fees and social security benefits)	\$ 190,839	\$ 184,965	\$ 574,872	\$ 549,673
Long-term employee benefits (including share-based benefits)	\$ 335,053	\$ 256,780	\$ 1,125,729	\$ 804,304
Total remuneration	\$ 525,892	\$ 441,745	\$ 1,700,601	\$ 1,353,977

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 \$1,700,000.

Key management did not exercise stock options granted under the Company's stock option plan in the nine months ended September 30, 2014.

b) Amount due to related parties

As of September 30, 2014, the Company obtained loans of \$13,210,853 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 are 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 \$17,774,375. The loan does not have any attached covenants.

Loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed. Notwithstanding any provision to the contrary contained herein, the parties agree that the loan will be repayable in 36 months since the date of borrowing.

- c) On September 15, 2014, the Company obtained a loan of \$1,000,000 from a Director of the Company to provide working capital required for a major customer supply agreement for Luo Han Guo extracts (previously announced on July 23, 2014). The loan is secured by expected proceeds from this major customer contract, bearing interest at 15% per annum and repayable in full within twelve months of the Disbursement Date. This interest rate reflects prevailing market rates in Canada for loans carrying similar risk profiles. As of September 30, 2014, the total amount due to this related party including interest was \$1,006,164.

d) Warrants

In connection to the loans from the Company's Chairman and Chief Executive Officer (the "Lender"), 100 common share purchase warrants for every US\$1,000 equivalent borrowed were granted to the lender at the exercise price of \$1.00 per warrant for a period of 24 months following the offering closing date. During the year ended December 31, 2013, the Company granted and issued an aggregate of 1,154,494 common share purchase warrants to the lender.

e) Subsidiaries

The following are the subsidiaries of the Company:

	Jurisdiction of incorporation	Ownership Interest	
		2014	2013
<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%

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 Issuers' Annual and Interim Filings ("NI 52-109"). The Company's Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2014, 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, 2014. 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, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of September 30, 2014, the Company's internal control over financial reporting were effective.

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, her 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. 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).