



**GLG LIFE TECH CORPORATION**  
**MANAGEMENT PROXY CIRCULAR**  
**AS AT AND DATED APRIL 21, 2017**  
  
**FOR**  
  
**THE ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON MONDAY, MAY 29, 2017**

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Under the provisions of Notice and Access, shareholders received a separate notice (the “Notice”) containing information on how they can access the Corporation’s management proxy circular (the “Management Proxy Circular”) electronically instead of receiving a printed copy or how to receive a printed copy of the Circular. Together with the Notice, shareholders continue to receive a proxy (“Proxy”), in the case of registered shareholders, or a voting instruction form (“VIF”), in the case of non-registered shareholders, enabling them to vote at the Meeting. The Corporation adopted this alternative means of delivery in order to further its commitment to environmental responsibility and to reduce printing, distribution and mailing costs.

**SOLICITATION OF PROXIES**

**This Management Proxy Circular is furnished in connection with the solicitation of proxies being made by the management of GLG Life Tech Corporation (the “Corporation”) for use at the Meeting of the Corporation’s shareholders (the “Shareholders”) at the time and place and for the purposes set forth in the accompanying Notice.** While it is expected that the solicitation will be made primarily by mail, proxies may be solicited personally or by telephone by directors, officers and employees of the Corporation.

All costs of this solicitation will be borne by the Corporation.

**PROXY INSTRUCTIONS**

Shareholders who cannot attend the Meeting in person may vote by proxy if a registered Shareholder, or provide voting instructions as provided herein if a non-registered Shareholder, either by mail, by phone or over the internet. Proxies and/or voting instructions must be received by Computershare Investor Services Inc., the Corporation’s transfer agent, (the “Transfer Agent”) no later than 9:00 am (Vancouver time) on May 25, 2017, at its Toronto office, 9th Floor, 100 University Avenue, Toronto, Ontario M5J 2Y1.

A proxy returned to the Transfer Agent will not be valid unless dated and signed by the Shareholder or by the Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual Shareholder or by an officer or attorney of a Shareholder that is a corporation or association, the instrument so empowering the officer or attorney, as the case may be, or a notarial copy thereof, must accompany the form of Proxy. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to Shareholders.

The securities represented by Proxy will be voted or withheld from voting in accordance with the instructions of the Shareholder on any ballot that may be called for and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the securities will be voted accordingly. The form of Proxy confers discretionary authority upon the named proxyholder with respect to matters identified in the accompanying Notice of Meeting. If a choice with respect to such matters is not specified, it is intended that the person designated by management in the form of Proxy

will vote the securities represented by the Proxy **in favour of** each matter identified in the proxy and **for** the nominees of management for directors and auditor.

The Proxy confers discretionary authority upon the named proxyholder with respect to amendments to or variations in matters identified in the accompanying Notice of Meeting and other matters which may properly come before the Meeting. As at the date of this Management Proxy Circular, management is not aware of any amendments, variations, or other matters. If such should occur, the persons designated by management will vote thereon in accordance with their best judgment, exercising discretionary authority.

### **APPOINTMENT OF PROXYHOLDER**

**A Shareholder has the right to designate a person (who need not be a Shareholder of the Corporation), other than Brian Palmieri or Brian Meadows, both directors and/or officers of the Corporation and the management designees, to attend and act for the Shareholder at the Meeting. If you are returning your Proxy to the Transfer Agent, such right may be exercised by inserting in the blank space provided in the enclosed form of Proxy the name of the person to be designated or by completing another proper form of Proxy and delivering it to the Transfer Agent as provided above, or by phone or over the internet. If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternate proxyholder by phone. If you appoint a proxyholder, other than the management designees, that proxyholder must attend and vote at the Meeting for your vote to be counted.**

### **REVOCAION OF PROXIES**

In addition to revocation in any manner permitted by law, you may revoke your Proxy by an instrument in writing signed by you as registered Shareholder or by your attorney duly authorized in writing. If you are a representative of a registered Shareholder that is a corporation or association, the instrument in writing must be executed by an officer or by an attorney duly authorized in writing, and deposited with the Corporation's registered office, Unit 100, 10271 Shellbridge Way, Richmond, British Columbia, V6X 2W8 at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof, or, as to any matter in respect of which a vote shall not already have been cast pursuant to such Proxy, with the Chairman of the Meeting on the day of the Meeting, or at any adjournment thereof, and upon either of such deposits the Proxy is revoked. In addition, Shareholders can also change their vote by phone or via the internet.

Only registered Shareholders have the right to revoke a Proxy. Non-registered Shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact the Transfer Agent or their intermediary to arrange to change their voting instructions.

### **SPECIAL INSTRUCTIONS FOR VOTING BY NON-REGISTERED SHAREHOLDERS**

**Only registered Shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Some Shareholders of the Corporation are "non-registered" Shareholders because the common shares of the Corporation ("Common Shares") they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a registered Shareholder in respect of Common Shares which are held on behalf of that person (the "Non-Registered Shareholder") but which are registered in the name of an intermediary (the "Intermediary") that the Non-Registered Shareholder deals with in respect of the Common Shares. Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSP's, RRIF's, RESP's and similar plans; or in the name of a clearing agency (such as The Canadian Depository of Securities Limited) of which the Intermediary is a participant.**

There are two kinds of Non-Registered Shareholders - those who object to their name being made known to the Corporation (called OBOs for "Objecting Beneficial Owners") and those who do not object to the Corporation knowing who they are (called NOBOs for "Non-Objecting Beneficial Owners").

The Corporation takes advantage of certain provisions of NI 54-101 which permit the Corporation to directly deliver proxy-related materials to NOBOs who have not waived the right to receive them. This year the Corporation has

elected to use Notice and Access. As a result, NOBOs can expect to receive a scannable VIF from the Corporation's transfer agent, Computershare, together with the Notice that provides shareholders with directions to access the meeting materials via the Internet or to obtain a printed copy of the meeting materials from the Corporation at no cost to the shareholder. These VIFs are to be completed and returned to Computershare in accordance with the instructions. Computershare is required to follow the voting instructions properly received from NOBOs. Computershare will tabulate the results of the VIFs received from NOBOs and will provide voting instructions at the Meeting with respect to the common shares represented by the VIFs they receive. If the VIF is executed by an attorney for an individual shareholder or by an officer or attorney of a shareholder that is a company or association, documentation evidencing the power to execute the VIF may be required with signing capacity stated.

In accordance with the Notice and Access requirements of NI 54-101, the Corporation has distributed the Notice to the intermediaries for onward distribution to OBOs. Intermediaries are required to forward the Notice to OBOs. Very often, Intermediaries will use service companies to forward the Notice to OBOs. With the Notice, Intermediaries or their service companies should provide OBOs with a "request for voting instruction form" which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the common shares that they beneficially own.

These proxy related materials are being sent to both registered Shareholders and Non-Registered Shareholders. If you are a Non-Registered Shareholder, and the Corporation has sent these proxy related materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities requirements from the Intermediary on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

Other than as disclosed elsewhere in this Management Proxy Circular, none of the directors or executive officers of the Corporation, no proposed nominee for election as a director of the Corporation, none of the persons who have been directors or executive officers of the Corporation since the commencement of the Corporation's last completed financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF**

The authorized share capital of the Corporation consists of an unlimited number of Common Shares without par value. As at the date of this Management Proxy Circular, 37,890,670 Common Shares without par value were issued and outstanding, each such Common Share carrying the right to one (1) vote at the Meeting. April 17, 2017 has been fixed by the directors of the Corporation as the record date for the purpose of determining those Shareholders entitled to receive notice of and to vote at the Meeting.

The following persons or entities hold more than 10% of the Corporation's voting rights of its Shares:

China Agriculture and Healthy Foods Co. Ltd., which holds 4,295,532 Shares, or 11.3% of issued and outstanding Shares.

Dr. Luke Zhang, who holds 4,155,551 Shares, or 11.0% of issued and outstanding Shares.

Mrs. Rosa Yuan, who holds 4,460,150 Shares, or 11.8% of issued and outstanding Shares.

**BUSINESS OF THE MEETING**

**APPOINTMENT AND REMUNERATION OF AUDITORS**

Shareholders will be asked to vote for the appointment of Davidson & Company LLP as the auditors of the Corporation to hold office until the next annual meeting of Shareholders and to authorize the Directors to fix the auditor's remuneration.

Davidson & Company LLP was appointed as the auditors of the Corporation effective September 25, 2014.

**ELECTION OF DIRECTORS**

The number of directors for the Corporation is set by ordinary resolution of the Shareholders of the Corporation. Management of the Corporation is seeking Shareholder approval of an ordinary resolution determining the number of directors of the Corporation at seven (7) for the ensuing year.

The persons below are management's nominees to the Board of Directors of the Corporation (the "Board" or "Board of Directors"). Each director elected will hold office until the next annual meeting or until his or her successor is duly elected or appointed unless his or her office is earlier vacated in accordance with the Articles of the Corporation or unless he or she becomes disqualified to act as a director. All proposed nominees are currently directors of the Corporation and their term of office will expire at the Meeting unless re-elected.

*Nominees for Election as a Director*

<b>Name and Municipality of Residence</b>	<b>Number of Securities Held</b>	<b>Principal Occupations</b>	<b>Director Since</b>
Dr. Luke Zhang Heze, Shangdong Province China	2,263,125 Common Shares 1,892,426 Restricted Shares 254,717 Options	Chairman, Chief Executive Officer and Director of GLG Life Tech Corporation	June 21, 2005
Mr. Brian Palmieri <sup>(1)(2)</sup> Cody, Wyoming United States	837,476 Common Shares 53,404 Restricted Shares 45,000 Options	Vice Chairman and Director of GLG Life Tech Corporation	June 21, 2005
Mr. Paul Block <sup>(1)</sup> Westport, Connecticut United States	75,000 Options	Consultant	March 11, 2015
Mr. He Fangzhen <sup>(1)(3)(4)</sup> Jinan, Shangdong Province China	8,848 Restricted Shares 22,500 Options	Retired Chief Engineer	May 7, 2008
Dr. Hong Zhao Guang <sup>(1)</sup> Beijing, China	250,000 Common Shares 5,000 Restricted Shares 22,500 Options	Director & Commissioner with the Aged Chinese Healthcare Association	August 5, 2010
Madame Sophia Leung <sup>(1)(2)(3)(4)</sup> Vancouver, British Columbia Canada	102,734 Common Shares 10,598 Restricted Shares 45,000 Options	Corporate Director	February 2, 2007
Madame Liu Yingchun <sup>(1)(2)(3)(4)</sup> Heze, Shangdong Province China	8,585 Common Shares 8,848 Restricted Shares 22,500 Options	Corporate Director	June 17, 2008

Notes:

- (1) Independent Director.
- (2) Member of the Audit Committee.
- (3) Member of Compensation Committee.
- (4) Member of Corporate Governance and Nominating Committee.

The following is a brief description of the background of the directors of the Corporation.

#### **Directors and Officers**

##### ***Dr. Luke Zhang (Director, Chief Executive Officer and Chairman)***

Dr. Zhang is a Canadian citizen and currently resides in China. He was appointed as the Corporation's Chairman and as director on June 21, 2005 and as the Corporation's President on September 6, 2007. On May 15, 2008, Dr. Zhang relinquished his role as the Corporation's President and was named the Corporation's Chief Executive Officer. Dr. Zhang received his PhD in Pharmacology from Vanderbilt University and has worked in international business for over 20 years. He is a non-independent director.

##### ***Mr. Brian Palmieri (Director & Vice Chairman)***

Mr. Palmieri resides in Cody, Wyoming and was appointed as the Corporation's Chief Executive Officer and a director on June 21, 2005. On May 15, 2008, Mr. Palmieri relinquished his role as the Corporation's Chief Executive Officer and was named the Corporation's President and Vice-Chairman. On October 1, 2010, Mr. Palmieri relinquished his role as the Corporation's President. Mr. Palmieri is an independent director.

Prior to his involvement with us, Mr. Palmieri's time has been divided between the following businesses in which he is a principal:

- (a) American Tool and Die Inc., the principal business of which is metals manufacturing and of which he is president;
- (b) Palco International Inc. and AAFAB International Inc., the principal business of both being international trading and consulting and of which he serves as president.

##### ***Paul Block (Director)***

Paul Block was appointed as our newest director on March 11, 2015. He brings to GLG's Board a wealth of senior executive experience in the global food and beverage and high intensity sweetener industries, particularly in the areas of sales, marketing, and business development. Mr. Block was most recently Chief Executive Officer of SVP Worldwide. Previously, Mr. Block served as Chief Executive Officer of Merisant Worldwide Company, Inc. and the Whole Earth Sweetener Co., LLC. While at Merisant, Mr. Block oversaw the company's well-recognized line of sweeteners, including the Equal® sweetener brand. Prior to joining Merisant, Mr. Block held C-level positions at Sara Lee Coffee and Tea Consumer Brands, Allied Domecq Spirits USA and Groupe Danone. Mr. Block has been a key figure in developing the global stevia tabletop market through his role as CEO at Merisant and the Whole Earth Sweetener Co., LLC., launching the successful Pure Via® line of tabletop zero calorie stevia sweeteners. Mr. Block is an independent director.

##### ***He Fangzhen (Director)***

Mr. Fangzhen was appointed as one of our directors on May 7, 2008. Mr. Fangzhen is a specialist in manufacturing and production. With over 40 years of experience, his expertise as a chief engineer lies in optimizing manufacturing plant and personnel, particularly in China. His specialties include planning, operational structure, maintenance, safety, quality control and risk management as well as the assignment, training and supervision of production and

technology personnel. Mr. Fangzhen graduated from Taiyuan Polytech University in China. Mr. He is an independent director.

***Dr. Hong Zhao Guang (Director)***

Dr. Hong Zhao Guang is an active leader in both the academic and business communities in China. Receiving his degree from Shanghai First Medical College, he has been the vice president of Beijing Anzhen Hospital and the vice director of the Cardiovascular Disease Expert Consulting Committee for the Ministry of Public Health in China. Currently Dr. Hong is directing commissioner with the Aged Chinese Healthcare Association and the vice group leader for physicians at Capital Medical Science University, one of the top ranking academic medical institution in China. Dr. Hong has written and edited more than ten books and published more than one hundred academic theses and five hundred articles for the scientific community. During the last 15 years, Dr. Hong has devoted his time to the education of citizens throughout China on the importance of wellness, health and an active lifestyle, including the prevention of diabetes and cardiovascular diseases. His books have been read by more than 70 million people and his lectures heard by over 200 million people in China. Dr. Hong is an independent director.

***Madame Sophia Leung (Director)***

Madame Leung resides in Vancouver, British Columbia and was appointed as one of our directors on February 2, 2007. Madame Leung has served in political positions on a national level, including as special advisor in international trade to Canada's prime minister from 2004-2006, parliamentary secretary for National Revenue of Canada from 2000-2004 and Member of Parliament of Canada 1997-2004. Madame Leung is an independent director.

***Madame Liu Yingchun (Director)***

Madame Yingchun was elected as one of the Corporation's directors on June 17, 2008. Madame Yingchun graduated from Shandong Economical College and has over 20 years of experience in finance and accounting. She has worked for several major banks and insurance companies in China including China Bank and the Industrial and Commercial Bank of China. She is a certified economist and financial analyst. Madame Yingchun is currently audit director and controller of HeZe Industrial and Commercial Bank. She also has experience in internal control and investment management. Madame Yingchun is an independent director.

**Corporate Cease Trade Orders and Bankruptcies**

Except as described below, during the ten years preceding the date of this Management Proxy Circular, no proposed director of the Corporation has, to the knowledge of the Corporation, been:

- (a) a director, chief executive officer or chief financial officer of any company that:
  - (i) was the subject of a cease trade or similar order or an order that denied such company access to any exemption under securities legislation that was in effect for a period of more than thirty consecutive days (an "Order") while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or
  - (ii) was subject to such an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer in the company that is the subject of the Order and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- (b) a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that company.

On May 2, 2012, the British Columbia Securities Commission (“BCSC”) imposed a cease trade order (“CTO”) on the Corporation’s common shares for failure to file its annual financial statements, its management discussion and analysis relating to its annual financial statements, its annual information form and the CEO and CFO certifications (collectively, the “Required Documents”) for the period ended December 31, 2011, beyond the prescribed deadline of March 30, 2012. Similar CTO’s were imposed by the Ontario Securities Commission (“OSC”) and the Manitoba Securities Commission (“MSC”) on May 16, 2012 and July 9, 2012 respectively. On May 3, 2012, the Investment Industry Regulatory Organization of Canada (IIROC) imposed a temporary suspension of trading in the common shares of the Corporation. On August 15, 2012, the Company filed its Required Documents for the period ending December 31, 2011. The CTO was revoked on June 18, 2013 by the BCSC, on June 27, 2013 by the OSC and June 17, 2013 by the MSC. Trading resumed in the Corporation’s common shares on the TSX on June 28, 2013.

On April 10, 2012, Mr. Meadows and Dr. Zhang were the subject of a management cease trade order (“MCTO”) issued by the BCSC as a result of the Corporation having not filed its Required Documents. The MCTO was revoked on June 18, 2013 by the BCSC.

#### **Penalties and Sanctions**

None of the proposed directors of the Corporation have been the subject of any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, the promotion, formation or management of a publicly traded company or involving theft or fraud.

#### **Individual Bankruptcies**

None of the proposed directors of the Corporation has, within the ten years prior to the date of this Management Proxy Circular, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

### **STATEMENT OF EXECUTIVE COMPENSATION**

#### **Risk Management**

The nature of the business and the competitive environment in which the Corporation operates require some level of risk-taking, as risk-taking is intrinsic to all businesses to achieve growth and strategic objectives that are in the best interest of Shareholders. The Compensation Committee is responsible for ensuring the application of the compensation policy is appropriately aligned to support the Corporation’s objectives and encourage appropriate management behaviours, including prudent risk-taking. To this effect, the Corporation has adopted practices that appropriately align compensation with the experience of Shareholders. NEOs (as defined below) and directors are not permitted to purchase financial instruments that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held by the NEO or director.

#### **Compensation Discussion and Analysis**

The Compensation Committee is responsible for reviewing and approving corporate goals and objectives relevant to an executive officer’s compensation, evaluating the executive officer’s performance in light of those goals and objectives and making recommendations with respect to the executive officer’s compensation, based on this evaluation.

In assessing the compensation of the Corporation's executive officers, the Compensation Committee has regard to: (i) current base compensation and contractual obligations, (ii) past performance, (iii) objectives and anticipated workload for the year ahead, (iv) reasonable submissions from the executive officers, (v) market and industry practice and trends, and (vi) such other matters as are appropriate in the circumstances.

The key components comprising executive officer compensation are base salary (fixed component), perquisites and personal benefits, sales commissions for the Vice President of Sales, and participation in the Corporation's Stock Option and Restricted Share Plan (variable component), and possible annual bonuses (variable component) for all executives. The base salary component is determined by broad discussions with members of the Board and consideration of benchmark data for companies of similar size or industry (see "Benchmarking" section). The Sales Commission plan in which the Vice President of Sales participates does not have a maximum payout as this plan is encouraged to maximize sales and the Corporation continues to also benefit from increased sales. The Corporation has traditionally placed an emphasis on the variable component of executive compensation which reflects the philosophical preference of the Corporation to compensate its executive officers based primarily upon the performance of the Corporation and in certain instances, the Corporation has made receipt of the compensation awards contingent upon the achievement of corporate objectives (see "Incentive Plan Awards"), as well as retention-related awards.

Executive officers' compensation is designed in a manner to recognize and reward executive officers based upon individual and corporate performance, to recognize loyalty and retain executive officers, to be competitive with the compensation arrangements and programs established by other public companies with market capitalizations in the range of \$21-249 million and revenues in the range of \$15-309 million, and to be consistent with the executive officers' respective contributions to the overall benefit of the Corporation. At the end of each year, the Compensation Committee also reviews actual performance against corporate objectives. The Compensation Committee consults the Chief Financial Officer and Chief Executive Officer to provide information to the Compensation Committee for its consideration on base salary, variable compensation and perquisites and personal benefits. The Compensation Committee then makes its decision and approvals for base salary components and perquisites and personal benefits and a recommendation to the Board for variable compensation. It is not anticipated that the Corporation will be making any significant changes to its compensation policies and practices in the next financial year for executive officer compensation. The Board can exercise discretion, either to award compensation absent attainment of the relevant performance goal or similar condition or to reduce or increase the size of any award or payout. The Board exercised this right in 2011 to reduce the variable award otherwise earned by the Chief Financial Officer at his request. Otherwise, there have been no other occurrences where the Board has exercised their discretion over compensation awards not earned through the achievement of approved performance goals. No variable compensation tied to performance goals for the fiscal year 2016 was approved by the Compensation Committee or Board of Directors. There is no formal compensation policy in place concerning the adjustment or recovery of awards, earnings or payments, or payables if the performance goal or similar conditions on which they are based are restated or adjusted to reduce the award, earning, payment or payable. The Compensation Committee determines perquisites and personal benefits based on Committee discussion and reference to available benchmarking information. These items are also subject to negotiation with the executive before they are finalized and approved.

In establishing compensation objectives for executive officers, the Compensation Committee seeks to:

- (a) motivate executives to achieve corporate performance objectives and reward them when such objectives are met;
- (b) recruit and subsequently retain highly qualified executive officers by offering overall compensation which is competitive with that offered for comparable positions in similar companies; and
- (c) align the interest of executive officers with the long-term interests of Shareholders through participation in the Corporation's Stock Option and Restricted Share Plan.



## **Benchmarking**

In 2015, the Corporation contracted with Equilar, Inc. for its executive and board compensation benchmarking utilities to facilitate reviews of the relevant marketplaces to ensure that GLG's compensation packages and salary ranges are competitive. Comparisons are made to other publically traded companies in North America and to industry in general with similar levels of revenue and market capitalizations. These assessments are revised periodically.

The Corporation utilizes Equilar's benchmarking data to assist the Compensation Committee and management in conducting comprehensive comparative studies on total compensation for key executive roles. The studies provide detailed benchmarking data from other companies, and the results of the studies are used to assist in determining appropriate compensation levels. The companies included in the comparator groups can vary from year to year based on availability of the data. In addition to the publicly disclosed data, comparison may also be made to data from proprietary compensation surveys including general industry and industry-specific surveys, when available.

The comparators used in the most recent review for the CEO and CFO were based on publicly traded North American companies in the food industry with revenues ranging from US\$21 to \$249 million in revenues in the previous year and with market capitalization between US\$15 and \$309 million. The companies used in this comparison were represented by: Andrew Peller Ltd., Bridgford Foods Corp, Coffee Holding Co. Inc., Inventure Foods Inc., Legumex Walker, Inc., Maui Land & Pineapple Co. Inc., Omega Protein Corp., Rocky Mountain Chocolate Factory Inc. and Ten Peaks Coffee Co. Inc.

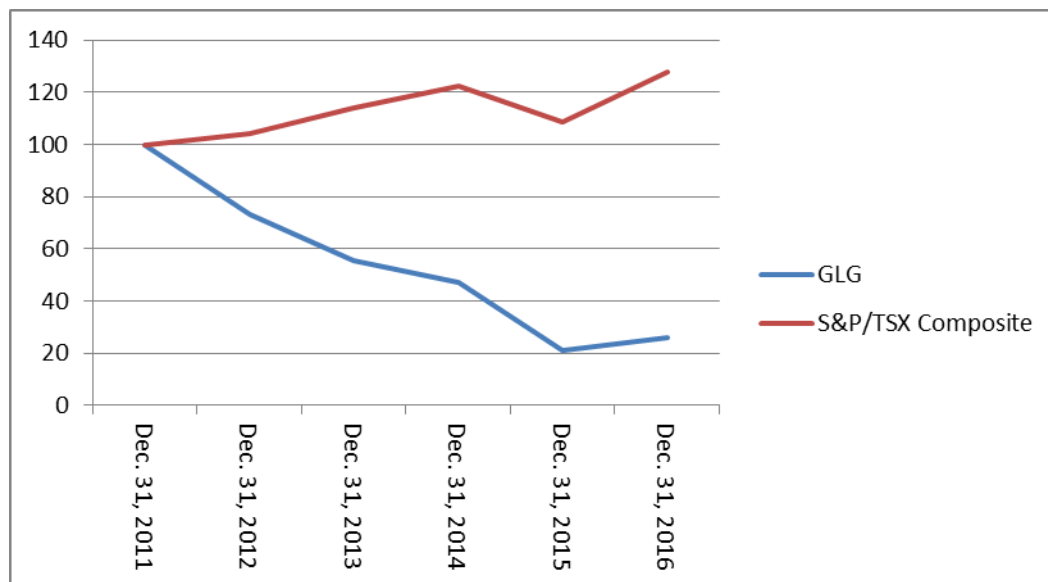
Benchmark analysis considered the value of the overall compensation arrangement including base salary, annual bonus opportunities, long term incentives and the value of pensions. A detailed review for the CEO was conducted in 2015 as part of the consideration of their compensation packages, and overall salary compensation for the prior year was found to be 132% of the median value (US\$355,000) for the comparator group and 61% of the median value (US\$777,000) overall total compensation for the CEO. A detailed review for the President/CFO was conducted in 2015 as part of the consideration of their compensation packages, and overall salary compensation for the prior year was found to be 77% of the median value (US\$275,000) for the comparator group and 60% of the median value (US\$352,000) overall total compensation for the President/CFO.

## **Executive Compensation Related Fees**

The Corporation paid aggregate fees of US\$3,000 to Equilar in 2014 for benchmarking, and has not paid any such fees in 2015 or 2016.

### Performance of Common Shares

For the most recent full five-year period, assuming an investment of \$100 on December 31, 2011, the following graph illustrates the cumulative total Shareholder return on the Corporation's Common Shares relative to the cumulative total return on the S&P/TSX Composite Index.



	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016
GLG	100	73	56	47	21	26
S&P/TSX Composite	100	104	114	122	109	128

Management believes that Shareholder return and executive compensation trends are not directly relational at this time due to the position of the Corporation in terms of its corporate development and stock market conditions as at December 31, 2016. The Corporation, since the rescindment of the cease-trade order in 2013, has been in a transitional period as it has undertaken to rebuild international revenues and, more recently, to restructure its debt. Management's primary variable compensation is in the form of stock options. However, none of the options granted to date are in-the-money. If share price improves sufficiently, management's compensation will also increase as a result of options becoming in-the-money. With respect to the CEO, whose primary compensation is in US dollars, the US to Canadian dollar exchange rate has increased his compensation in terms of Canadian dollars.

### Summary Compensation Table

The following table provides a summary of compensation paid, directly or indirectly, to the following persons (collectively, the "Named Executive Officers" or "NEOs"):

- (a) our Chief Executive Officer ("CEO"),
- (b) our Chief Financial Officer ("CFO"),
- (c) our most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers or acting in a similar capacity and whose total compensation, individually, was in excess of \$150,000 as at the end of the most recently completed financial year; and

- (d) each individual for whom disclosure would have been provided under (c) but for the fact that the individual was neither serving as an executive officer of the Corporation, nor acting in a similar capacity, at the end of the most recently completed financial year.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long-term incentive plans			
Brian Meadows Chief Financial Officer, President and Corporate Secretary	2016	250,000	Nil	Nil	Nil	Nil	Nil	25,811	275,811
	2015	250,000	Nil	35,000 <sup>(5)</sup>	Nil	Nil	Nil	19,319	304,319
	2014	250,000	Nil	45,000 <sup>(4)</sup>	Nil	Nil	Nil	15,853	310,853
Dr. Luke Zhang <sup>(1)</sup> Chairman, Chief Executive Officer and Director	2016	Nil	Nil	Nil	Nil	Nil	Nil	609,776 <sup>(2)</sup>	609,776
	2015	Nil	57,000 <sup>(6)</sup>	Nil	Nil	Nil	Nil	588,224 <sup>(2)</sup>	645,224
	2014	Nil	55,000 <sup>(3)</sup>	Nil	Nil	Nil	Nil	545,032 <sup>(2)</sup>	600,032

Notes:

- (1) Dr. Zhang received no compensation for his role as Chairman; these amounts represent compensation for his role as CEO.
- (2) Amounts represent consulting fees paid to a corporation controlled by Dr. Zhang for his executive services to the Corporation.
- (3) A special long term incentive was granted in August 2013 to Dr. Zhang with a 3 year vesting period.
- (4) Grant date fair values for 2014 were determined using Black-Scholes method to determine grant date fair value using the following assumptions:
- |                          |       |                      |         |
|--------------------------|-------|----------------------|---------|
| Risk Free Interest Rate: | 1.23% | Expected Volatility: | 264.78% |
| Expected Dividend Yield: | 0%    | Expected Life:       | 5 years |
- (5) Grant date fair values for 2015 were determined using Black-Scholes method to determine grant date fair value using the following assumptions:
- |                          |       |                      |         |
|--------------------------|-------|----------------------|---------|
| Risk Free Interest Rate: | 0.46% | Expected Volatility: | 358.94% |
| Expected Dividend Yield: | 0%    | Expected Life:       | 5 years |
- (6) A special long-term incentive was granted on March 06, 2015, to Dr. Zhang with a 3 year vesting period.

**Employment Contracts, Termination and Change of Control Benefits**

Each of the current Named Executive Officers has a formal employment agreement with the Corporation, the material terms of which are set forth below.

*Dr. Luke Zhang:* On July 1, 2005, Dr. Zhang entered into an employment contract with the Corporation, as amended on July 1, 2008 and further amended on April 24, 2009 and February 28, 2011, to act as its head of operations in China. Dr. Zhang is providing his services on a “contract” basis and there is no fixed term to this agreement. The current amended contract for Dr. Zhang includes a minimum salary of US\$400,000 per year (the “Zhang Minimum Amount”) and US\$60,000 per year for expenses. All past due payments owing to Dr. Zhang shall either be paid in one sum or rolled into a long term five-year note payable to Dr. Zhang at an accrued interest rate of prime plus two percent calculated monthly. For the purpose of the foregoing calculation, “prime” means the prime rate published in the Wall Street Journal on the first day of the beginning month of a quarter.

In the event of the termination of the contract, other than for cause (in which case no severance is payable), the Corporation shall pay to Dr. Zhang the sum of all payments due plus an amount equal to three times the Zhang Minimum Amount (for example, US\$1,200,000 if termination occurred on December 31, 2016).

In the event that the Corporation is acquired, or is the non-surviving party of a merger, or sells all or substantially all of its assets, the contract will not terminate and the Corporation will use its best efforts to ensure that the transferee or surviving entity is bound by the contract. If the new company wishes to terminate the contract, it will either pay Dr. Zhang three times the Zhang Minimum Amount (for example, US\$1,200,000 if termination occurred on December 31, 2016) or the parties may otherwise agree on a mutually acceptable cash settlement. As of December 31, 2016, the value of deemed vesting on termination of the options was nil.

*Mr. Brian Meadows:* Effective October 9, 2007, Mr. Brian Meadows assumed the role of Chief Financial Officer of the Corporation for a five-year term pursuant to an employment agreement, as amended on June 23, 2008 and further amended on January 18, 2010, February 28, 2011 and January 23, 2012. He is entitled to a motor vehicle allowance of \$1,000 per month. In the event of his termination, other than for cause (in which case no severance is payable), he is entitled to receive 2 years of gross fixed annual remuneration on such termination (for example, \$500,000 if termination occurred on December 31, 2016) provided that he executes a comprehensive release of any claims against the Corporation. In these circumstances, any Options (as defined below) received by Mr. Meadows under the Corporation's Stock Option and Restricted Share Plan will deem to be vested. He may be required to serve the notice period on an active or passive basis at the discretion of the Corporation. Mr. Meadows was appointed Corporate Secretary of the Corporation on May 19, 2009 and President in November 17, 2011. As of December 31, 2016, the value of deemed vesting on termination of the options was nil.

### Incentive Plan Awards

The Corporation's Stock Option and Restricted Share Plan provides for the granting of up to a maximum of 10% of the issued and outstanding common shares.

Certain awards under the Stock Option and Restricted Share Plan are subject to meeting vesting criteria and/or performance targets. Stock option and restricted share awards historically have included targets for employee retention, business development achievements in the form of multi-year contracts, and sales, market share objectives, performance against agriculture program objectives, and performance of major customer contracts.

Performance Based Awards will vest typically over three years and may be subject to annual performance targets set by the Compensation Committee being met. For 2012 and 2013, the awards were primarily retention-oriented rather than performance-based; the most significant exception was a performance-based award to Dr. Zhang. For Options, even once performance targets are met they will still vest over three years before they could be fully exercised by management. For the Restricted Shares (as defined below) of Dr. Zhang, once annual performance targets are determined to be met by the Compensation Committee, those Restricted Share grants will vest over three to ten years.

Outstanding share-based awards and option-based awards for NEOs, as at December 31, 2016, are set out in the following table:

Name	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(2)</sup>
Brian Meadows	100,000	0.38	May 6, 2020	Nil	Nil	Nil
	100,000	0.55	Apr 20, 2019	Nil		
	100,000	1.11	Aug 20, 2018	Nil		
	179,246	0.53	July 4, 2018	Nil		
Dr. Luke Zhang	254,717	0.53	July 4, 2018	Nil	1,188,849	285,324

Notes:



Name <sup>(1)</sup>	Fees earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Mrs. Sophia Leung Independent Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Brian Palmieri Director & Vice Chairman	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mrs. Liu Yingchun Independent Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mr. Paul Block Independent Director	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

- (1) Compensation for Board member Dr. Zhang has been reflected in the Summary Compensation Table for Named Executive Officers.

Outstanding share-based awards and option-based awards, as at December 31, 2016, for the Corporation's directors are disclosed in the following table:

Name <sup>(1)</sup>	Option-based Awards				Share-based Awards	
	Number of Securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(2)</sup>	Number of shares or units of shares that have not vested (#)	Market or payout value of share-based awards that have not vested (\$) <sup>(3)</sup>
Mr. He Fangzhen Independent Director	5,000	0.38	May 6, 2020	Nil	Nil	Nil
	7,500	0.55	Apr. 20, 2019	Nil		
	10,000	1.11	Aug. 20, 2018	Nil		
Dr. Hong Zhao Guang Independent Director	5,000	0.38	May 6, 2020	Nil	Nil	Nil
	7,500	0.55	Apr. 20, 2019	Nil		
	10,000	1.11	Aug. 20, 2018	Nil		
Ms. Sophia Leung Independent Director	10,000	0.38	May 6, 2020	Nil	Nil	Nil
	15,000	0.55	Apr. 20, 2019	Nil		
	20,000	1.11	Aug. 20, 2018	Nil		
Mr. Brian Palmieri Independent Director & Vice Chairman	10,000	0.38	May 6, 2020	Nil	Nil	Nil
	15,000	0.55	Apr. 20, 2019	Nil		
	20,000	1.11	Aug. 20, 2018	Nil		
Ms. Liu Yingchun Independent Director	5,000	0.38	May 6, 2020	Nil	Nil	Nil
	7,500	0.55	Apr. 20, 2019	Nil		
	10,000	1.11	Aug. 20, 2018	Nil		
Mr. Paul Block Independent Director	75,000	0.38	May 6, 2020	Nil	Nil	Nil

Notes:

- (1) Compensation for Board member Dr. Zhang has been reflected in the Summary Compensation Table for Named Executive Officers.
- (2) The in-the-money value is equal to the number of Options multiplied by the difference between the exercise price of the Options and the closing trading price on the TSX on December 31, 2016, of \$0.24.

- (3) Restricted Shares have no exercise price. The market value of the unvested Restricted Shares is equal to the number of unvested Restricted Shares multiplied by the closing trading price on the TSX on December 31, 2016, of \$0.24.

The following table discloses incentive plan awards – value vested or earned during the year:

Name <sup>(1)</sup>	Option-based awards – Value vested during the year (\$) <sup>(2)</sup>	Share-based awards – Value vested during the year (\$) <sup>(3)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$)
Mr. Paul Block Independent Director	Nil	Nil	Nil
Mr. He Fangzhen Independent Director	Nil	Nil	Nil
Dr. Hong Zhao Guang Independent Director	Nil	Nil	Nil
Madame Sophia Leung Independent Director	Nil	Nil	Nil
Mr. Brian Palmieri Director & Vice Chairman	Nil	Nil	Nil
Mrs. Liu Yingchun Independent Director	Nil	Nil	Nil
Mr. Paul Block Independent Director	Nil	Nil	Nil

Notes:

- (1) Compensation for Board member Dr. Zhang has been reflected in the Summary Compensation Table for Named Executive Officers.
- (2) Option-based award values are calculated as the aggregate dollar value that would have been realized if the options under the option-based award had been exercised on the vesting date.
- (3) Share-based award values are calculated based on stock price at grant date times the number of Restricted Shares granted.

#### **Proportion of Common Shares Held by Directors and Executive Officers**

Collectively, as of the date hereof, the directors and executive officers of the Corporation, as a group, own 5,668,405 Common Shares, representing approximately 15.0% (16.6% on a fully diluted basis) of the issued and outstanding Common Shares.

#### **Indemnification of Directors or Officers**

There was no indemnification payable this financial year to directors or officers of the Corporation.

#### **Directors' and Officers' Insurance**

The Corporation maintains liability insurance for its directors and officers in the aggregate amount of \$5 million, subject to a \$50,000 deductible loss payable by the Corporation. The current annual premium of \$72,000 is paid by the Corporation.

#### **Key Management Insurance**

The Corporation does not maintain key management insurance.

## **APPROVAL OF THE PROPOSED RELATED PARTY TRANSACTION**

*Note: All dollar figures are expressed in Canadian dollars unless otherwise noted.*

### **Overview of the Proposed Transaction**

Dr. Luke Zhang, Chairman and CEO of the Company, his wife Mrs. Rosa Yuan, and his aunt Mrs. Guiyun Zhang (herein, the “Related Parties”), are debtholders of the Company. Collectively, the value of the loan principal is RMB 80,584,090 (\$17,763,400, using a contracted fixed repayment exchange rate) as of December 31, 2016. This debt is held by the Company’s wholly-owned Chuzhou Runhai Stevia High Tech Company Limited (“Runhai”) subsidiary.

The proposed transaction will result in the transfer of that collective debt holding by the Related Parties to a third party entity, with the third party carrying a repayment obligation to the Related Parties. The third party, by contractual agreement with the Related Parties, will convert its debt holding into a 23.75% equity share in Runhai, with the Company retaining a 76.25% equity share in Runhai (the “Proposed Transaction”). The third party will carry a repayment obligation to the Related Parties and any disposition of its equity holding will be directed by the Related Parties. (See references herein to “JiXu” for more information on the third party and its relationship to the Related Parties.) The Proposed Transaction will not dilute or otherwise affect corporate shareholder ownership.

*(Note: Runhai owns one active production facility, the Company’s agricultural research center at Bengbu, and two idle production facilities, all located in China. The Company wholly owns another subsidiary with another active production facility, Qingdao Runde Biotechnology Co., Ltd.; this subsidiary would be unaffected by the proposed transaction.)*

As described further below, approval of the Proposed Transaction is a necessary step for the Company to restructure its bank debt – principal of RMB 328,425,578 (\$64,400,325) and, as of December 31, 2016, interest and penalties of approximately RMB 101,712,682 (approximately \$19,600,000) – through a subsequent conversion of that bank debt into an equity share in Runhai. The effect of both transactions are expected to result in the Company retaining a controlling interest in Runhai over 50%. This subsequent conversion of debt is not part of the Proposed Transaction, but the Proposed Transaction must first be approved by shareholders as the debt conversion by Dr. Zhang and his other family members is a precondition to the China banks to converting their debts into equity in Runhai. The banks see Dr. Zhang’s debt conversion into equity a sign of continued commitment and confidence in the future of GLG

### **Resolution to Approve the Proposed Transaction**

The resolution respecting the Proposed Transaction must be approved by a majority of the votes cast by the minority holders those of common shares of the Company present or represented by proxy at the Meeting. See the *Shareholder Voting - Excluded Votes* section further below for the non-minority shareholdings that are not eligible to vote. The text of the Proposed Transaction Resolution is set out below.

**The Board of Directors recommends a vote “for” the Approval of the Proposed Transaction described in this Management Proxy Circular. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution.**

### **Resolution Approving the Proposed Transaction**

The resolution to approve the Proposed Transaction which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

“WHEREAS:



1. the Board has resolved that the Proposed Transaction is in the best interests of the Company and that the Company shall present the Proposed Transaction for shareholder approval in compliance with Multilateral Instrument 61-101;
2. the Company has presented the Proposed Transaction for shareholder approval in compliance with Multilateral Instrument 61-101; and
3. the board of directors of the Company has approved the Proposed Transaction.

**BE IT RESOLVED THAT:**

1. the Proposed Transaction on substantially the terms described in the Management Proxy Circular dated April 21, 2017, be and is hereby approved, ratified and confirmed;
2. Management of the Company is hereby authorized to proceed to complete the Proposed Transaction; and
3. any director or officer of the Company be and is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

**Background to the Proposed Transaction**

The Company has been carrying substantial debt for many years, with much of it due on demand. The debt is held by both Chinese banks and related parties. This debt load has impeded Management’s ability to run and grow the Company, and Management and the Board have worked over the past several years seeking out options to deal with this heavy debt load. This section describes the Company’s debt situation and provides background on the efforts leading up to the Proposed Transaction.

**A. Bank Debt**

GLG has held substantial bank debt since 2011. As at December 31, 2012, China bank debt totalled RMB 433,322,005 (\$70,025,049). The bulk of the bank debt was held at that time with the Agriculture Bank of China and the Bank of Communication. All of the China bank debt was short term in nature (6 and 12 month maturities), and was held at the Chinese subsidiary level. Over the past five years the Company has negotiated with the banks to resolve the debt issue either through working on renewing or restructuring the loans. The assets of the Company’s subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans.

In 2013, the Company has signed a loan refinancing agreement with Agricultural Bank of China which restructured the loans owed to the bank into a series of payments due over three years.

In 2014, the Company continued to work with the banks on restructuring its debt. By the end of 2014, the bank loan debt with the Agricultural Bank of China had been transferred to China Huarong Asset Management Co., Ltd. (“Huarong”), which is a state-owned capital management company (“SOCMC”). The nature of the business of an SOCMC differs from banks, in that SOCMCs take a long-term outlook on management of debt. For example, instead of simply requiring loan principal and interest payments, SOCMCs aim to manage debts with greater flexibility, such as long-term loan terms, debt for equity arrangements, flexible debt retirement, and other long-term instruments. As the Chinese debt is held at the Chinese subsidiary level, and any such potential arrangements would therefore be done at that level rather than at the corporate level. SOCMCs are also a potential source of future capital.

In 2015 the Company continued to see its bank loans transferred to additional SOCMC’s. The bank loans with the Construction Bank of China had been transferred to China Cinda Assets Management Co., Ltd. (“Cinda”).

In 2016 the Company continued to see its bank loans transferred to additional SOCMC's. The bank loans with the Bank of China had been transferred to Cinda. By the end of 2016, the total of all China bank loans transferred to SOCMC's accounted for approximately 74% of the Company's outstanding debt with Chinese banks.

As of the time of this filing the Company's short-term loans consisted of borrowings from various banks/SOCMCs in China as follows, collectively referred to herein as the "Bank/SOCMC Loans" or "Bank/SOCMC Debt":

Loan Amount in RMB	Loan Amount in CAD	Loan Amount in USD	Maturity Date	Interest rate per annum	Lender
3,000,000	\$ 588,264	\$ 435,799	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
28,000,000	5,490,465	4,067,462	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
10,000,000	1,960,880	1,452,665	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
9,780,000	1,917,741	1,420,706	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
51,571,696	10,112,592	7,491,639	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
80,000,000	15,687,043	11,621,319	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
79,184,858	15,527,203	11,502,907	On Demand	11.97%	Bank of Communication
17,457,477	3,423,202	2,535,986	On Demand	8.83%	China Cinda Assets Management Anhui Branch
42,523	8,338	6,177	On Demand	8.83%	China Cinda Assets Management Anhui Branch
6,900,000	1,353,008	1,002,339	July 26, 2017	5.82%	Huishang Bank
30,000,000	5,882,641	4,357,995	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
12,489,025	2,448,948	1,814,237	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
328,425,578	\$ 64,400,325	\$ 47,709,231			

Note: USD and CAD equivalents are based on exchange rates as of April 21, 2017.

#### B. Related Party Debt

In 2012, the Board approved related party loan agreements with the Chairman and CEO, Dr. Luke Zhang, and his wife Rosa Yuan ("Ms. Yuan") to provide the working capital necessary for the Company to operate the business. The Company at that time had no other financing options and the Board recognized the importance of bringing in capital to keep the business operating. The principal value of these loans totaled approximately \$9.5 million at the end of 2012.

Between 2013 and 2015, the Company obtained additional loans from Dr. Zhang and Ms. Yuan. In 2013, the Company obtained loans for working capital purposes amounting to approximately \$4.5 million. In 2014, the Company required additional working capital to launch its monk fruit business and the Board approved an additional approximately \$4.1 million in loans. In 2015, the Board approved a net additional approximately \$0.5 million in loans for working capital for the Company's monk fruit business. The total principal of the loans held by Dr. Zhang and his wife, as of December 31, 2016, totaled approximately \$18.6 million, comprising loans to the Company in China through its Chinese subsidiaries of approximately \$15.7 million, with a higher repayment obligation of approximately \$17.8 million due to a fixed contracted repayment exchange rate ("Zhang/Yuan China Loans"), and loans to the Company through the parent company amounting to approximately \$2.9 million. It is the Zhang/Yuan China Loans that, along with Ms. Guiyun Zhang's loan described below, are the subject of the debt conversion that is the essential component of the Proposed Transaction.

The majority of the Zhang/Yuan China Loans were renewed by Dr. Zhang and his wife in 2015; the amended agreements specified that the loans were repayable within 72 months from the date of borrowing. These loans and renewals reflected Dr. Zhang's commitment to GLG's business and his strong belief that the Company would achieve sales growth and profitability in the future. These loans provided a repayment option to the lenders in either RMB or USD using a fixed foreign exchange rate of 6.1234. The interest rates on these loans ranged from 13.88% to 20% per annum in 2016.

Additionally, an aunt of Dr. Zhang, Ms. Guiyun Zhang ("Ms. Zhang"), also lent the Company working capital in 2014 and 2015 for its general working capital requirements. The principal of these loans amounts to approximately \$1.3 million. This principal would also be part of the loan principal converted into equity as part of the Proposed Transaction. This loan bears interest at 20% per annum. Collectively, Ms. Zhang's loan and the Zhang/Yuan China Loans are referred to herein as the "Related Party Loans" or "Related Party Debt".

Note: Additionally, as of September 15, 2016, the Company renewed a loan to the parent company of \$1,000,000 from a Director of the Company to provide working capital required for Monk Fruit extracts. This loan is not part of the Proposed Transaction.

<b>Loan Amount in RMB</b>	<b>Loan Amount in CAD</b>	<b>Loan Amount in USD</b>	<b>Lender</b>
54,979,600	\$ 12,119,324	8,978,607	Dr. Zhang
19,304,490	\$ 4,255,348	3,152,577	Mrs. Rosa Yuan
6,300,000	\$ 1,388,728	1,028,840	Mrs. Guiyun Zhang
80,584,090	\$ 17,763,400	\$ 13,160,024	

Note: USD amount is based on contracted exchange rate of 6.1234.

CAD equivalent of USD amount is based on exchange rates as of April 21, 2017.

### C. Debt Restructuring Efforts

Recognizing that 1) the Bank/SOCMC Debt may be called at any time, 2) the outstanding debt imposes substantial and increasing interest liabilities upon the Company, and 3) that the size of the debt greatly limits the Company's options to fund its growth, Management and the Board have sought to identify means to eliminate much of that debt. To allow the debt to persist unabated would keep the Company in a precarious position (see the Going Concern statement and debt-related risks in our most recent Financial Statement), continue to carry substantial interest costs, and hinder the Company's ability to grow revenues and generate profit.

Consequently, with Board approval in July 2015, the Company engaged a China-based consulting firm, Beijing Jiuding Fengye Investment Management Ltd. (the "Consultant"), to represent its interests with the Chinese banks/SOCMCs to help the Company restructure the Bank/SOCMC Debt. The Consultant is a qualified private equity fund manager per the China Securities Investment Fund Association and a financial capital service institution, which focuses on research and investment in financial capital markets and the management of deteriorated financial assets. The Consultant, along with Dr. Zhang, has been negotiating with relevant parties a plan designed ultimately to eliminate a substantial majority, if not all, of the Bank/SOCMC Debt by converting that debt to equity in Runhai. The approved compensation for the Consultant is a 5% equity share in Runhai, contingent on the successful restructuring of the outstanding Bank/SOCMC Debt and accrued interest. This compensation is expected to cost the Company approximately \$2,400,000, which represents approximately 2.9% of the debt and interest to be restructured.

After nearly two years of discussions a framework for the restructure has been agreed upon by the key debt holders. Conversion of the debt is expected to be a multi-step process, and the negotiations to date have been primarily between the Consultant, Dr. Zhang, and the Banks/SOCMCs. These Banks/SOCMCs are willing to convert their debt holdings into equity shares in Runhai, but one of their preconditions is that the Related Parties convert the Related Part Debt into an equity share in Runhai. The general agreement for the restructure is to:

1. Convert four of the Company's five Wholly Owned Foreign Enterprises (WOFE's) into a consolidated WOFE.
2. Convert the consolidated WOFE (Runhai) into a Joint Stock Company enabling it to receive China based shareholders.
3. Convert the Related Part Debt into an equity share in Runhai (i.e., the Proposed Transaction).
4. Convert the Banks/SOCMC Debt into equity in Runhai.

Steps 1 and 2 have already been completed, as announced by the Company in its July 2016 news release. This was a significant accomplishment, requiring complex discussions with multiple levels and jurisdictions of the Chinese government.

The Company is now at the stage to seek approval from the Shareholders for Step 3, the Proposed Transaction.

Step 4 is not part of the Proposed Transaction, but importantly, Step 3 is a necessary condition to proceed with Step 4. Step 4, the conversion of the Bank/SOCMC Debt into equity, is expected to occur subsequent to Step 3 and there is agreement in principle for the bank equity share to be 25% in Runhai. The draft agreement has been reached with one of the key SOCMCs to be the lead bank in the bank debt restructure.

For the Banks/SOCMCs, the Proposed Transaction – the conversion of related party debt into equity in Runhai – will serve as a demonstration of Dr. Zhang’s confidence in the Company as well as an indication of Runhai’s value. While contingent on the conversion of the Related Part Debt, the Company has reached agreement in principle with each of the Banks/SOCMCs for each Bank/SOCMC to subsequently convert its debts into equity in Runhai at conversion rates that would give the Banks/SOCMCs, collectively, no more than a minority interest in Runhai (“Bank/SOCMC Debt Conversion Plan”). In this manner, the Company expects to eliminate much or all of its Chinese renminbi-denominated debt, while retaining a controlling interest in Runhai.

The anticipated Bank/SOCMC Debt Conversion Plan, as currently contemplated by all parties to that plan, would waive accrued interest and penalties owed to the Banks/SOCMCs; only the principal amounts would be converted into equity. For the Related Party Debt, only the principal amounts would be converted into equity; the accrued interest would remain as a corporate liability owed to the Related Parties.

The Proposed Transaction to be voted on in this Special Meeting involves Step 3 in the enumerated plan above. The purpose of the disclosures herein is to enable the shareholders eligible to vote to make a properly informed assessment of the Proposed Transaction prior to voting.

### **Regulatory Requirements**

The Proposed Transaction involves the conversion of the Related Party Debt into an equity share of Runhai. Dr. Zhang, Mrs. Yuan, and Ms. Zhang are related parties under OSC Multilateral Instrument 61-101 (“MI 61-101”). Thus, conversion of any of their debts constitutes a related party transaction, which requires in accordance with MI 61-101:

- a formal valuation of the Company and
- shareholder approval, by a majority of the minority shareholders, of the Proposed Transaction.

None of the exemptions specified in MI 61-101 are applicable to this transaction.

### **Corporate Valuation**

The Company, pursuant to Section 5.4 of MI 61-101, engaged an independent third party to perform a formal valuation of the Company. An Independent Committee of the Board approved of Evans & Evans, Inc. (“Evans & Evans”) as the independent valuator for the Company.

#### Valuation Report Summary

The Independent Committee of the Board, pursuant to Section 5.4 of MI 61-101, engaged Evans & Evans to prepare a comprehensive independent valuation report with respect to the fair market value of 100% of the issued and outstanding shares of the Company as at January 31, 2017 (the “Valuation Date”). The Company paid approximately \$18,000 to Evans & Evans for this valuation. To the best knowledge of the Board and senior officers of the Company, there has been no other valuation of the Company within the twenty-four months prior to the date of this Management Proxy Circular.

The Evans & Evans report complied with the requirements of MI 61-101. Furthermore, as part of the assessment process by the Independent Committee, the committee confirmed Evans & Evans as qualified to perform the valuation and that Evans & Evans was independent with respect to the Company and all other interested parties in the Proposed Transaction.

Fair market value as per MI 61-101 is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Evans & Evans assessed a number of different valuation approaches to determine the fair market value of 100% of the issued and outstanding shares of the Company. The methodologies considered for valuation included:

- (i) Asset-Based Approach
- (ii) Cost Approach
- (iii) Income/Cash Flow Approach; and
- (iv) Market Approach

Each of these methodologies is reviewed in the attached Evans & Evans report in Schedule A (the "Evans & Evans Report").

Evans & Evans concluded from their work that the Company should be valued as a going concern and that the valuation of the Company as a going concern resulted in a higher valuation than the valuation under the liquidation method.

After their assessment of different valuation approaches, Evans & Evans concluded that the most appropriate approaches to determine fair market value was a weighting of two approaches:

The Guideline Public Company ("GPC") Method was determined to be appropriate given the history of revenues and lack of positive earnings, cash flow or EBITDA. Furthermore, the GPC Method captures the market sentiment towards companies in the Company's space as at the Valuation Date.

A Discounted Cash Flow ("DCF") Method was deemed appropriate given that the Company is forecasting significant growth in revenues going forward as it launches new products and furthers its relationship with its key customer.

The Evans & Evans Report details their analysis and outcomes of these valuation approaches.

One conclusion made by Evans & Evans from their leverage analysis of the Company (see *Schedule 4.0* in the Evans & Evans Report) was that "Evans & Evans is of the view that the Company is over-levered, i.e., has too much debt, in the amount of \$68.4 million."

Evans & Evans concluded in their report dated April 5, 2017 that "the fair market value of the Company as at the Valuation Date is in the range of \$16,300,000 to \$17,600,000."

### **The Proposed Transaction**

During the debt restructure negotiations the China Banks/SOCMCs specifically required that the Related Parties convert their China-based loans into equity in Runhai in order to demonstrate Dr. Zhang's long term commitment to GLG's stevia business before they would convert their bank debt into equity in Runhai. If the Related Parties do not convert this debt into equity in Runhai, the Banks/SOCMCs are not expected to convert their debt into equity into Runhai or offer any other debt restructure alternative. The Related Parties have all agreed to convert their Related Party Debt into equity in Runhai in support of the overall debt restructure proposal.

The Company and the Related Parties have finalized the terms of the Proposed Transaction, with execution contingent only on shareholder approval pursuant to this Special Meeting. The essential terms (as viewed by the Company) are described in this subsection.

Chinese law precludes the Related Parties, as non-Chinese nationals, from holding an equity share in Runhai. Therefore, the Related Parties have proposed to cause the formation, via third parties, of a corporate entity under Chinese law named Mingguang Jixu Investment Management Partnership ("JiXu"), for the purpose of JiXu

acquiring the Related Party Debt, converting that debt into equity in Runhai, and holding that equity on behalf of the Related Parties. The sole purpose of forming JiXu is to facilitate both the Proposed Transaction and the Bank/SOCMC Debt Conversion Plan while remaining in compliance with Chinese law. The principals in JiXu are Mr. Jiwei Dong and Mrs. Yunru Zhang. Both are Chinese nationals.

Under the terms of the Proposed Transaction, the Related Parties will transfer 100% of their debt holding (principal only) to JiXu in a series of steps involving Mr. Dong and Mrs. Yunru Zhang personally as intermediaries before final transfer of the Related Party debt ownership to JiXu. JiXu will then convert its debt holding into equity in Runhai, which is the essential component of the Proposed Transaction to be voted upon by the eligible shareholders. Only rights to repayment of the principal amounts will be transferred to JiXu; the Related Parties will retain full rights to repayment of the accrued interest by the Company.

JiXu will convert its debt holding into equity in Runhai as follows:

JiXu's debt holding, pursuant to the debt transfer from the Related Parties, will be RMB 80,584,090.

JiXu will invest its debt holding of RMB 80,584,090 at a value of USD \$13,173,416 (contractual exchange rate of 1:6.1173) into Runhai, with USD \$8,022,449 as registered capital and USD \$5,150,967 as contributed surplus.

The Company will maintain its original registered capital investment in Runhai of USD \$42,288,243.

The combined registered capital plus contributed surplus will total USD \$55,461,660. Thus, JiXu will hold a 23.75% equity share (including contributed surplus amount) in Runhai, and the Company will hold a 76.25% equity share in Runhai.

JiXu will carry a repayment obligation to the Related Parties. As part of the agreement between JiXu and the Related Parties, JiXu will remain obligated to maintain its equity holding unless and until Dr. Zhang mandates disposition of JiXu's equity holding.

As a result of this Transaction, the Company will have reduced its debt principal liability to the Related Parties' by USD \$13,160,024 (RMB 80,584,090 converted at an exchange rate of 6.1234, as specified in the loan contracts between the Company and the Related Parties, or approximately \$17,800,000), in exchange for a 23.75% ownership stake in Runhai to be held by JiXu. The Company will continue to owe outstanding accrued interest to the Related Parties, which as of December 31, 2016, amounts to approximately \$13,000,000.

#### **Anticipated Effect If the Proposed Transaction Is Approved**

Upon completion of the Transaction, the Company, currently valued at approximately \$17,000,000 (see the *Corporate Valuation* section) will reduce its Chinese-renminbi debt liability by 80,584,090 RMB, or approximately \$15,600,000 at current exchange rates (or approximately \$17,800,000 at the fixed contracted repayment exchange rate). The Company will also save approximately \$2,600,000 in annual interest expenses. Its percentage ownership in its Runhai subsidiary will be reduced from 100% to 76.25%. There will be no change in ownership for any parties, related or otherwise, of the Company's shares.

More significantly, the Company expects that this Transaction will enable it to proceed with the Bank/SOCMC Debt Conversion Plan, which has the potential to reduce the Company's debt liability by approximately \$63,400,000 and approximately \$19,600,000 in accrued interest and penalties, and to save approximately \$5,400,000 in annual interest expenses. The Company expects to retain a controlling interest in Runhai after the Bank/SOCMC Debt Conversion Plan, such that after having converted both the Related Party Debt and the Bank/SOCMC Debt, then in exchange for relinquishing approximately 49.5% of its holding in Runhai, the Company will have eliminated approximately \$79,000,000 in debt principal, had waived approximately \$19,600,000 in accrued interest and penalties, and saved approximately \$8,000,000 in annual interest expenses.

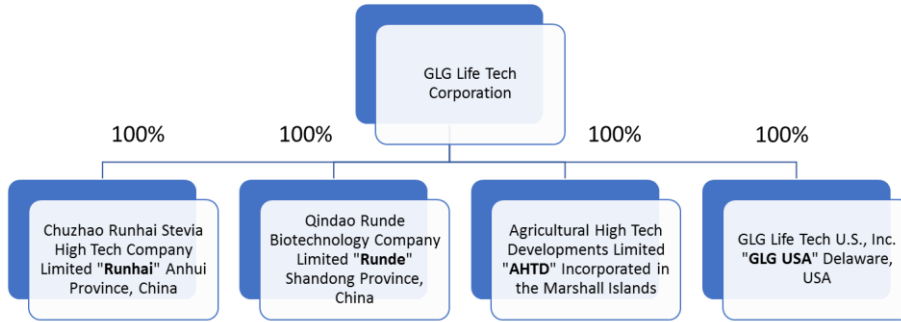
Management is confident that the current agreement with the China banks will be completed with approval of the Proposed Transaction, although there is still risk that the Bank/SOCMC Debt Conversion Plan will not be executed. However, the Bank/SOCMC Debt Conversion Plan will not happen if the Proposed Transaction is not approved by GLG Shareholders.

If the Bank/SOCMC Debt Conversion Plan is subsequently consummated, such reduction in debt and interest liability will greatly improve the Company's access to lower cost financing, including working capital to fund growth, substantially mitigate its over-levered position (see the *Corporate Valuation* section) and substantially lessen the likelihood that the Company will become insolvent. The Company's debt is driving almost 50% of the Company's annual net loss, and the Company currently has a strongly negative going concern statement in its Financial Statements, which affects the Company's ability to attract new customers and investors due to the perceived risk of insolvency. The Company's Enterprise Value (see *Schedule 5.0* in the Evans & Evans Report) including debt is significantly weighted towards debtholders (over 90%); the equity component is small. The Proposed Transaction followed by consummation of the Bank/SOCMC Debt Conversion Plan should logically lead to an increase in equity value for the shareholders. For example assuming the Enterprise Value remains constant, with the debt component being significantly reduced, then logically the equity value should increase.

The charts below depict:

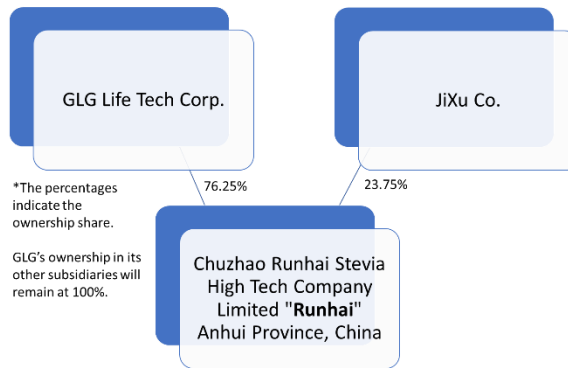
- The current corporate/subsidiary structure.
- The ownership of Runhai after the Proposed Transaction (the Company's ownership of its other subsidiaries will not be affected).
- The anticipated ownership of Runhai after the expected execution of the Bank/SOCMC Debt Conversion Plan (the Company's ownership of its other subsidiaries will not be affected), assuming it goes through as planned.

**GLG Life Tech Corporation – Current Corporate/Subsidiary Structure**



\* The percentages indicate the ownership share.

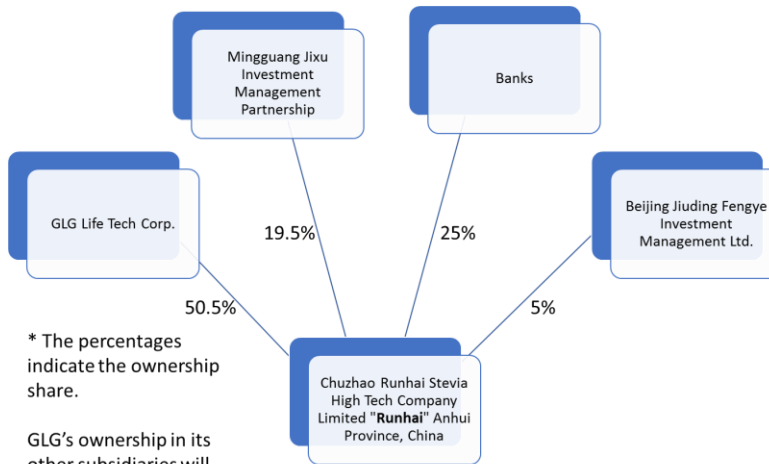
**Ownership of Runhai After the Proposed Transaction**



\*The percentages indicate the ownership share.

GLG's ownership in its other subsidiaries will remain at 100%.

**Expected Ownership of Runhai if the Subsequent Bank/SOCMC Debt Conversion Plan Occurs**



\* The percentages indicate the ownership share.

GLG's ownership in its other subsidiaries will remain at 100%.



### **Anticipated Effect If the Proposed Transaction Is Not Approved**

If the Proposed Transaction is not approved, the Company will be unable to move forward with the Bank/SOCMC Debt Conversion Plan. The Banks/SOCMCs will likely then move on the collateralized assets, including the Company's operating facilities in China. This would significantly increase the likelihood of the Company becoming insolvent.

The Company does not presently have any other alternatives to resolve its debt situation. The Bank/SOCMC Debt Conversion Plan is agreed in principle, and is the only foreseeable option for the Company to resolve its debt situation. The next steps, contingent on shareholder approval of the Proposed Transaction, will be to document the anticipated transaction between the Banks/SOCMCs and the Company, and to obtain any necessary regulatory and/or shareholder approvals.

### **Transaction Review and Approval**

In 2015, Dr. Zhang apprised the Board of a debt restructuring opportunity with the Chinese banks. Dr. Zhang had been engaged in preliminary discussions with the Chinese government and debtholder banks regarding a plan to amalgamate several GLG Chinese subsidiaries into a single entity as a Joint Stock Company ("JSC"), which would then enable the banks to take equity positions in the JSC via a debt/equity swap, as well as facilitate access to various financing options.

The Board responded favorably to Dr. Zhang's efforts, as the Board was acutely aware of the seriousness of the Company's debt situation. The Board had previously encouraged management to work on solutions to remedy the problem, which the Company's auditors characterized as a going concern issue, with numerous risks called out in the AIF, and which significantly impacted management's ability and opportunities to grow the Company.

In July 2015, the Board granted Dr. Zhang the authority to effectuate the amalgamation of the subsidiaries and conversion of the amalgamated entity into a Joint Stock Company, provided that such amalgamation and conversion maintained GLG's 100% ownership interest in the entity. The Board also granted Dr. Zhang the authority to negotiate with the government and the Banks in order to arrive at an agreement that could be presented to the Board for its review and consideration, prior to determining whether to undertake the necessary steps to consummate the agreement.

The Board also constituted an Independent Committee tasked with overseeing the debt restructuring process, advising the Board regarding key issues or approvals that may arise, ensuring good corporate governance, and safeguarding shareholder interests. Any tentative agreement regarding debt restructuring would first be presented by Dr. Zhang to the Independent Committee for its consideration, such that the Independent Committee could then make its recommendation whether to proceed to the full Board.

The first Independent Committee meeting was held on September 15, 2015, comprising three independent Directors from the Board. Paul Block was nominated as Chairman, with Sophia Leung and Brian Palmieri as the remaining two members. Mr. Block brought many years of experience with debt restructuring and similar transactions to the committee. The Independent Committee convened as new information became available for consideration – the negotiations with the government and banks were a long laborious process – and ultimately met seven times from its inaugural meeting up to the date of this Management Proxy Circular.

In July 2016, the Company issued a news release announcing the amalgamation of four of GLG's Chinese subsidiaries into a single entity (Runhai), with the Company maintaining its 100% ownership stake in the amalgamated subsidiary. Three subsidiaries – Qingdao Runhao Stevia High Tech Company Limited, Dongtai Runyang Stevia High Tech Company Limited, and Anhui Bengbu HN Stevia High Tech Development Company Limited – had been consolidated into the Runhai subsidiary. Moreover, the company announced that the Runhai subsidiary had been converted into a Joint Stock Company, clearing the way for further negotiations by Dr. Zhang regarding financing and debt restructuring options. This amalgamation and conversion had been achieved pursuant to the authority previously granted by the Board to Dr. Zhang, and was the successful culmination of complex discussions with multiple levels and jurisdictions of the Chinese government.

Throughout 2016 and into 2017, Dr. Zhang kept the Independent Committee apprised of his progress in negotiations with the Banks/SOCMCs to restructure the debt. At one point in 2016, prior to the formation of Runhai as a JSC, Dr. Zhang presented an alternative option for mitigating debt to the Independent Committee via the disposition of Runyang. The Independent Committee approved of this transaction, subject to Board and any necessary regulatory approvals. Ultimately, however, the parties involved in the negotiations for the sale of Runyang could not come to terms. Instead, Dr. Zhang continued to negotiate with the Banks/SOCMCs for a debt/equity conversion agreement as the best option to mitigate the Company's debt position.

In December 2016, Dr. Zhang reported that the Banks/SOCMCs continued to be in general agreement to convert their debts, with penalties and interest waived and remaining terms to be specified. Dr. Zhang also reported, however, that the Banks/SOCMCs, as a necessary condition for their debt conversion, were requiring that Dr. Zhang and his wife first convert their debt holdings into equity in Runhai. The Banks/SOCMCs insisted on this step as a show of good faith from Dr. Zhang with respect to his belief that Runhai is a worthy investment.

Dr. Zhang proceeded to negotiate more specific terms with the Banks/SOCMCs with respect to both the Related Party Debt conversion and the Banks/SOCMCs' debt conversions, as these negotiations were all intertwined. While Dr. Zhang was an interested party with respect to the Related Party Debt conversion, it was recognized that no one else could effectively lead these complex negotiations, given Dr. Zhang's relationships within the Chinese government and with the Banks/SOCMCs, as well as Dr. Zhang's familiarity with the relevant cultural, political, and commercial landscape attendant to these negotiations.

In March of 2017, as more specific terms were identified by Dr. Zhang from the negotiations, Management provided the Independent Committee with a presentation describing the proposed transaction. This description included expected terms for both Related Party Debt conversion (the Proposed Transaction) and the Bank/SOCMC Debt conversion transactions. Management, recognizing that the Proposed Transaction would constitute a related party transaction and having consulted with outside counsel, also presented to the Independent Committee the key regulatory requirements for the Proposed Transaction – obtaining an independent valuation of the Company and submitting the Proposed Transaction to a shareholder vote with the interested parties excluded from voting. Management also emphasized the point that even if the Proposed Transaction is approved by the shareholders and consummated, there was no guarantee that the Banks would proceed to convert their debts, even though it had been agreed in principle that they would.

During this March 2017 presentation, Management proposed that Evans & Evans be the independent valuator, and provided its opinion that Evans & Evans was qualified and independent. The IC considered and confirmed Evans & Evans as qualified to perform the valuation and that Evans & Evans was independent with respect to the Company and all other interested parties in the Proposed Transaction.

The Independent Committee of the Board, pursuant to Section 5.4 of MI 61-101, engaged Evans & Evans to prepare a comprehensive independent valuation report with respect to the fair market value of 100% of the issued and outstanding shares of the Company as at January 31, 2017. This valuation report was delivered to the Chairman of the Independent Committee on March 22, 2017.

#### *Independent Committee Review of Valuation Report and Assessment and Approval of the Proposed Transaction*

On April 10, 2017, the Independent Committee convened to discuss the valuation report and assess the Proposed Transaction in light of the valuation report.

With respect to the valuation report, the Independent Committee noted that the fair market value range is net of debt and that one could look at the Total Enterprise Value (TEV) including debt under the different valuation approaches to determine the equity value as a percentage of the TEV.

Taking the GPC Method in the Evans & Evans Report:

	<u>Low</u>	<u>High</u>
Going Concern Value	\$110,351,150	\$116,481,770
Plus Cash	\$1,562,524	\$1,562,524
Less Debt	(\$100,770,795)	(\$100,770,795)
Fair Market Value	\$11,100,000	\$17,300,000
Fair Market Value as a Percentage of Going Concern Value	10.0%	14.8%

The Independent Committee considered this outcome as a reference to the equity retained by the Company after the Proposed Transaction as well as after the anticipated bank debt restructure.

In the case of the Proposed Transaction, the value of Runhai used to determine the debt conversion rate for the Related Party Debt was a valuation of \$47.1 million. (USD \$35.7 million.) This value for Runhai is 260% higher than the top end of the Evans & Evans fair market value range (\$17.6 million). The Proposed Transaction is to convert approximately \$17.5 million of related party debt into equity in Runhai using a Runhai valuation of \$47.1 million. The Independent Committee concluded on this basis that the Proposed Transaction was fair to the Company's shareholders.

Further, the Independent Committee examined the fairness of the anticipated conversion of the outstanding Bank/SOCMC Debt of approximately \$63.4 million (RMB 328.4 million) as of December 31st, 2016, into an approximately 25% shareholding in Runhai to also be fair using a similar rationale. Considering that the Company would retain a proposed 50.5% ownership in Runhai after both the Proposed Transaction and the anticipated Bank/SOCMC Debt conversion, the 50.5% equity ownership is between 35.7-40.5 percentage points higher than the equity ownership in the Going Concern Value implied in the Evans & Evans report of 10.0-14.8%.

The Independent Committee executed resolutions recommending to the Board that the Board approve a resolution authorizing the Company to present the Proposed Transaction to the shareholders of the Company for approval by convening a Special Meeting of shareholders whereby non-interested shareholders would be asked to vote to have or to not have the Company proceed to consummate the Proposed Transaction. As of April 13, 2017, the Board members (with Dr. Zhang abstaining) had unanimously agreed with the Independent Committee's recommendation and executed resolutions accordingly.

#### **Shareholder Voting - Excluded Votes**

The following shareholders, as related or interested parties, will not be eligible to vote on the Proposed Transaction:

<b>Shareholder</b>	<b>Shares Held</b>
Dr. Luke Zhang	4,155,551
Mrs. Rosa Yuan	4,460,150
Mrs. Guiyun Zhang	633,985
Mrs. Yunru Zhang	1,216,993
Mr. Jiwei Dong	<u>100</u>
<b>Total Excluded Votes</b>	<b>10,466,779</b>

**RE-APPROVAL OF THE STOCK OPTION AND RESTRICTED SHARE PLAN (the “Plan”)**

On March 27, 2017, the Board of Directors of the Corporation re-approved the Corporation’s Stock Option and Restricted Share Plan. The policies and guidelines of the TSX require the Corporation’s Stock Option and Restricted Share Plan to be reconfirmed by the shareholders of the Corporation every 3 years because the Stock Option and Restricted Share Plan is a “rolling” plan which provides that the number of common shares of the Corporation which may be reserved for issuance of stock options under the Stock Option and Restricted Share Plan is set at 10% of the issued and outstanding common shares of the Corporation. In accordance with the policies of the TSX, and because the Stock Option and Restricted Share Plan was last approved by the shareholders of the Corporation at the shareholders’ meeting held in 2014, the Stock Option and Restricted Share Plan is being submitted to the shareholders for re-approval at the Meeting.

The details of the Stock Option and Restricted Share Plan are set out below under “Securities Authorized For Issuance Under Equity Compensation Plans – Stock Option and Restricted Share Plan”.

The resolution respecting the proposed Stock Option and Restricted Share Plan (the “Stock Option Plan Resolution”) must be approved by a majority of the votes cast by the holders of common shares of the Company present or represented by proxy at the Meeting. The text of the Stock Option Plan Resolution is set out below.

**The Board of Directors recommends a vote “for” the re-approval of the proposed Stock Option and Restricted Share Plan described above and referred to in the Stock Option Plan Resolution. In the absence of a contrary instruction, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the resolution.**

**Resolution Re-approving the Stock Option and Restricted Share Plan**

The resolution to approve the Stock Option and Restricted Share Plan which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

“WHEREAS:

1. the policies of the TSX require that the Stock Option and Restricted Share Plan for the benefit of directors, officers, employees and consultants of the Company and its subsidiaries be submitted to the shareholders for approval every 3 years;
2. the board of directors of the Company has re-approved the Stock Option and Restricted Share Plan; and
3. the number of common shares of the Company which will be available for purchase pursuant to options granted pursuant to the Stock Option and Restricted Share Plan is 10% of the number of issued and outstanding common shares of the Company (on a non-diluted basis) on the particular grant date.

BE IT RESOLVED THAT:

1. the Stock Option and Restricted Share Plan, as described in the Management Proxy Circular dated April 21, 2017, be and is hereby approved, ratified and confirmed;
2. all unallocated options issuable pursuant to the Stock Option and Restricted Share Plan are hereby approved and authorized until May 29, 2020; and
3. any director or officer of the Company be and is authorized and directed on behalf of the Company to execute all documents and to do all such other acts and things as such director or officer may determine to be necessary or advisable to give effect to the foregoing provisions of this resolution.”

If the foregoing Resolutions are not approved by Shareholders, previously allocated Options and Restricted Shares will continue unaffected. However, if such Options and/or Restricted Shares expire unexercised, they cannot be re-allocated following such expiry.

**SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS UPDATE**

As of the financial year ended December 31, 2016, the Corporation’s Stock Option and Restricted Share Plan was the only equity compensation plan under which securities were authorized for issuance. The following table sets forth information with respect to the Corporation’s Stock Option and Restricted Share Plan as at the financial year ended December 31, 2016.

<b>Plan Category</b>	<b>Number of Securities to be issued upon exercise of outstanding options, warrants and rights</b>	<b>Weighted average exercise price of outstanding options, warrants and rights<sup>(1)</sup></b>	<b>Number of securities remaining available for future issuance under equity compensation plans excluding securities reflected in column (a)</b>
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>
Equity compensation plans approved by security holders	3,094,222	\$0.64	694,845
Equity compensation plans not approved by security holders	Nil	Nil	Nil
<b>Total</b>	<b>3,094,222</b>	<b>\$0.64</b>	<b>694,845</b>

Notes:

- (2) These figures include the weighted average exercise price of Options and the weighted average issue price of Restricted Shares.
- (3) No Options were repriced during the financial period ended December 31, 2016.

**Stock Option and Restricted Share Plan**

Effective June 24, 2014, the Board of Directors and Shareholders of the Corporation approved the Corporation’s Stock Option and Restricted Share Plan in order to provide incentive compensation to directors, officers, employees and consultants of the Corporation.

The Stock Option and Restricted Share Plan reserves a maximum of 10% of the issued and outstanding Common Shares of the Corporation for issue pursuant to options (“Options”) and restricted shares (“Restricted Shares”). As a result, should the Corporation issue additional Common Shares in the future, the number of Common Shares issuable under the Stock Option and Restricted Share Plan will increase accordingly. The Stock Option and Restricted Share Plan is considered as an “evergreen” plan since the Common Shares covered by the Options and Restricted Shares shall be available for subsequent grants at such time as the Options have been exercised or the Restricted Shares have become unrestricted. As of the date hereof, an aggregate of 3,094,222 Options are outstanding under the Stock Option and Restricted Share Plan representing 8.2% of the Corporation’s issued and outstanding Common Shares. As of the date hereof, 694,845 Options and Restricted Shares will be available for grant representing 1.8% of the Corporation’s issued and outstanding Common Shares.

The purpose of the Stock Option and Restricted Share Plan is to attract, retain and motivate directors, officers, employees and consultants of the Corporation and the preferred approach of the Corporation is to compensate such individuals based primarily upon the performance of the Corporation.

The exercise price of Options is determined by the Board in its sole discretion and shall not be less than the closing price of the Common Shares TSX on the day preceding the award date. The Stock Option and Restricted Share Plan

does not contemplate that the Corporation will provide financial assistance to any optionee in connection with the exercise of Options.

The vesting schedule in respect of the Options will be a variable vesting schedule set at the discretion of the Compensation Committee of the Corporation's Board of Directors. Options granted under the Stock Option and Restricted Share Plan may be exercised as soon as they have vested. The expiry date of an Option shall be the date so fixed by the Board at the time the particular Option is awarded, provided that such date shall not be later than the fifth anniversary of the award date of the Option. However, when the expiry date of an Option occurs during a blackout period, the expiry date of such Option will be extended until 10 business days following the end of such blackout period.

In the event that the Corporation subdivides, consolidates, or reclassifies the Corporation's outstanding Common Shares, or makes another capital adjustment, the number of Common Shares receivable upon the exercise of Options will be increased or reduced proportionately.

Each Restricted Share granted under the Stock Option and Restricted Share Plan will become an unrestricted Common Share, without payment of additional consideration, at the end of a restricted period (the "Restricted Period"). The Restricted Period will be determined by the Compensation Committee, provided however that in the event the Compensation Committee does not set out such a period, the Restricted Period will commence on the grant date and continue until the third anniversary of such grant date. The Compensation Committee retains the right with respect to any one or more participants to accelerate the time at which Restricted Shares will become unrestricted.

Holders of Restricted Shares will have, in respect of their Restricted Shares, all rights as a Shareholder of the Corporation, including the right to vote and the right to receive dividends in respect of the Restricted Shares and for all purposes will be treated as Shareholders of the Corporation, but for the fact that the Restricted Shares may be cancelled or terminated in certain circumstances prior to the expiry of the Restricted Period.

All Options and Restricted Shares will terminate on the earlier of the expiry of their term and 30 days following the termination of a participant's employment, engagement or position. Upon the death of a participant, the legal representatives of such participant may exercise the Options held by such participant not later than 12 months following the date of death of the participant, in the case of director or employee, and not later than one month following the date of death of the participant in the case of a consultant. Upon the death of a participant, each Restricted Share shall be cancelled if the Restricted Period does not expire within 12 months following the date of death of the participant, in the case of director or employee, and within one month following the date of death of the participant in the case of a consultant.

Options and Restricted Shares may not be assigned or transferred with the exception of an assignment made to a personal representative of a deceased participant or to a personal representative where the participant is, for any reason, unable to manage his or her affairs and such personal representative is entitled by law to act for the participant.

Subject to the Stock Option and Restricted Share Plan reserving a maximum of 10% of the issued and outstanding Common Shares of the Corporation for issue, the Stock Option and Restricted Share Plan does not provide for a maximum number of shares which may be issued to an individual pursuant to the plan and any other share compensation arrangement (expressed as a percentage or otherwise). However, the Corporation is restricted from issuing more than 10% of issued and outstanding Common Shares in any one year period, or at any time, to insiders of the Corporation unless the Corporation obtains disinterested Shareholder approval pursuant to the policies of the TSX.

The Board of Directors will be specifically authorized to amend the terms of the Stock Option and Restricted Share Plan, and the terms of any Options or Restricted Shares granted under the Stock Option and Restricted Share Plan, without obtaining Shareholder approval, to:

- (ii) amend the termination and cancellation provisions of the Options and the Restricted Shares;

- (iii) accelerate the vesting period of any Options or the Restricted Period of any Restricted Shares; or
- (iv) make other amendments of a housekeeping nature or to comply with the requirements of any regulatory authority.

Notwithstanding the foregoing, no amendments to:

- (v) increase the number of Common Shares reserved for issuance under the Stock Option and Restricted Share Plan;
- (vi) add any form of financial assistance;
- (vii) amend a financial assistance provision which is more favourable to participants; or
- (viii) change the manner of determining the Exercise Price of the Options,

shall be made without obtaining approval of the applicable security holder and of the Corporation's Shareholders in accordance with the requirements of the TSX.

A copy of the Stock Option and Restricted Share Plan can be obtained by contacting the Secretary of the Corporation in writing at Unit 100, 10271 Shellbridge Way, Richmond V6X 2W8.

#### **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

None of the directors or executive officers of the Corporation has been indebted to the Corporation or its subsidiaries during the financial year ended December 31, 2016.

#### **REPORT ON CORPORATE GOVERNANCE**

The following provides information with respect to the Corporation's compliance with the corporate governance requirements (the "Corporate Governance Guidelines") of the Canadian Securities Administrators set forth in National Instrument 58-101 and Form 58-101F1.

##### **Board of Directors**

The Corporation's Board is currently composed of seven directors, a majority of whom are independent of management under the Corporate Governance Guidelines and free of any interest and any business or other relationship, other than arising from their shareholdings that could interfere with their ability to act with a view to the best interests of the Corporation.

<b>Director</b>	<b>Independence</b>
Mr. Paul Block	Independent
Mr. He Fangzhen	Independent
Dr. Hong Zhao Guang	Independent
Madame Sophia Leung	Independent
Mr. Brian Palmieri	Independent
Madame Liu Yingchun	Independent
Dr. Luke Zhang	Non-Independent (due to position as CEO of the Corporation)

The independent status of each individual director is reviewed annually by the Board. The Board considers a director to be independent if he or she has no direct or indirect material relationship with the Corporation which, in the view of the Board of Directors could reasonably be perceived to materially interfere with the exercise of the director's independent judgment.

The chair of the Board, Dr. Luke Zhang, is not an independent director; however, the Board believes that it has strong, experienced independent directors who openly and candidly voice their opinions at meetings. The Board believes that this structure facilitates the functioning of the Board independently of the Corporation's management and has therefore not appointed an independent lead director. The independent directors are able to exercise their responsibilities for independent oversight of management through their majority control of the Board and through the committees established by the Board which include the Audit Committee, the Compensation Committee and the Nomination and Corporate Governance Committee which are composed entirely of independent directors.

Meetings of independent directors are not regularly scheduled but communication among this group occurs on an ongoing basis as needs arise from regularly scheduled meetings of the Board.

The following table summarizes directors' attendance at Board meetings during the year ended December 31, 2016:

<b>Director</b>	<b>Regularly Scheduled Board Meetings Attended (in person or via telephone)</b>
Mr. Paul Block	3 of 3
Mr. He Fangzhen	3 of 3
Dr. Hong Zhao Guang	3 of 3
Madame Sophia Leung	3 of 3
Mr. Brian Palmieri	3 of 3
Madame Liu Yingchun	3 of 3
Dr. Luke Zhang	3 of 3

### **Directorships**

As at the date of this Management Proxy Circular, none of the Board's directors were serving as directors of other reporting issuers (or equivalent) or publicly-traded entities.

### **Board Mandate**

The Board has adopted a written charter, a copy of which is attached as Schedule "C" hereto.

Board members and management will participate in an annual strategic planning review process. Any revisions to the plan will be approved by the Board. Implementation of the strategic plan will be the responsibility of management. The Board will systematically review opportunities by weighing them against the business risks and actively managing these risks. The Board will provide leadership but will not become involved in day-to-day matters. Management will report to the Board on a regular basis on the Corporation's progress in achieving these strategic objectives.

### **Board Assessments**

The Board, its Committees and its individual directors have not been regularly assessed with respect to their effectiveness and contribution but intend to commence these assessments in the current fiscal year.

### **Position Descriptions**

The Board of Directors has adopted written charters for the three Board Committees. Brief summaries of the role of the three Board Committees may be found elsewhere in this document.

### **Orientation and Continuing Education**

The Board has an informal process for the orientation of new Board members regarding the role of the Board, its Committees and directors, and the nature of operation of the Corporation. New directors meet with executive management and incumbent directors and are provided with written materials to aid in their familiarization with the Corporation.



Directors are made aware of their responsibility to keep themselves up to date with best director and corporate governance practices and are encouraged and funded to attend seminars that will increase their own and the Board's effectiveness.

### **Ethical Business Conduct**

The Board of Directors has adopted a Code of Conduct and Business Ethics which sets out guidelines and expectations regarding conduct on the part of directors, officers and employees of the Corporation. The Code is available on the Corporation's website at [www.glglifetech.com](http://www.glglifetech.com).

The Corporation has a Corporate Disclosure Policy, available on the Corporation's website at [www.glglifetech.com](http://www.glglifetech.com), which provides additional measures to ensure ethical business conduct, such as policies and requirements regarding insider trading and trading blackout periods.

The Board also requires conflicts of interest to be disclosed to the Corporation's Corporate Governance and Nominating Committee. In the event that conflicts of interest arise, a director who has such a conflict is required to disclose the conflict and to abstain from voting for or against the approval of the matter. In addition, in considering transactions and agreements in respect of which a director has a material interest, the Board will require that the interested person absent themselves from portions of Board or Committee meetings so as to allow independent discussion of points in issue and the exercise of independent judgment.

### **Nomination of Directors**

With advice and input from the Corporate Governance and Nominating Committee, the Board, in identifying new candidates for Board nomination, will:

- (a) consider what competencies and skills the Board, as a whole, should possess;
- (b) assess what competencies and skills each existing director possesses; and
- (c) consider the appropriate size of the Board, with a view to facilitating effective decision making.

The nomination of directors is undertaken by the Corporate Governance and Nominating Committee, which is composed entirely of independent directors. The Committee reviews the composition of the Board annually, assesses the effectiveness of the Board annually, identifies new candidates for nomination as directors to the Board and makes recommendations to the Board for nominees for election as directors. In that regard, the Corporate Governance and Nominating Committee considers the competencies and skills each new nominee would bring to the Corporation and whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member. The Corporation has no obligation or contract with any third party providing it with the right to nominate a director.

### **Representation of Women on the Board**

The Board continues to address the importance of considering, along with other relevant characteristics, an appropriate representation of diverse backgrounds and perspectives at the Board level and the identification and nomination of women directors. While the primary objectives of the Corporate Governance and Nominating Committee are to ensure consideration of individuals who are highly qualified based on their talents, experience, functional expertise and personal skills, character and qualities, the Corporate Governance and Nominating Committee will balance these objectives with the need to identify and promote individuals who are reflective of diversity for nomination for election to the Board. In particular, the Corporate Governance and Nominating Committee will consider the level of representation of women and other diverse candidates on the Board when making recommendations for nominees. Given the nature of the Corporation's business and its industry, it may be challenging for the Corporation to identify a qualified pool of candidates that adequately reflects the diversity that the Corporation seeks to promote; therefore the Corporation has not adopted any specific policy or targets, but will promote its objectives through identifying and fostering the development of a suitable pool of candidates for nomination or appointment over time. Currently, two of the seven directors on the Board, being 29% of the Board, are women.

## **Representation of Women in Executive Officer Positions**

As noted above, the Board has expanded its governance practices to confirm and reflect the importance of diversity within its executive management team, paying specific attention to the representation of women. The Corporation currently has 2 women representing 22% of its executive management team. The Board and management recognize the value brought by a diversity of perspectives and backgrounds within the management team and have made changes to its governance practices to ensure the level of women's representation is a key factor when the composition of the executive management team is being considered. The Corporation has not adopted any specific policy or targets with respect to the representation of woman as it may be challenging for the Corporation to identify a qualified pool of candidates that adequately reflects the diversity that the Corporation seeks to promote. However, it will continue to consider its objectives through identifying and fostering the development of a suitable pool of diverse candidates for appointment over time.

## **Term limits**

The Corporation has not adopted term limits for individual directors. The Board believes that individuals can continue to remain effective directors beyond a maximum period of service. Without having term limits, the Corporation has experienced turnover on its board that has brought directors with new perspectives and approaches. This has complemented the depth of knowledge and insight about the Corporation and business operations that the Corporation's long-standing directors have developed over time

## **Board Committees**

The Corporation has three Board Committees, being the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

### *Audit Committee*

The Audit Committee assists the Board of Directors in fulfilling its responsibilities for oversight of financial and accounting matters. In addition to recommending the auditors to be nominated and reviewing the compensation of the auditors, the Committee is responsible for overseeing the work of the auditors and pre-approving non-audit services. The Committee also reviews the Corporation's annual and interim financial statements and news releases containing information taken from the Corporation's financial statements prior to their release. The Committee is responsible for reviewing the acceptability and quality of the Corporation's financial reporting and accounting standards and principles and any proposed material changes to them or their application.

The members of the Audit Committee are Madame Sophia Leung (Chair), Mr. Brian Palmieri, and Madame Liu Yingchun, all independent directors. Each member of the Audit Committee is "independent" within the meaning of Canadian Securities laws.

The Audit Committee has a published charter which is attached as Schedule "B" hereto.

### *Education and Experience of Members of the Audit Committee*

The Audit Committee reports to the Board of Directors, and is responsible for assisting in the Board of Directors' oversight of the reliability and integrity of the accounting principles and practices, financial statements, other financial reporting, and disclosure practices followed by management of the Corporation and its subsidiaries.

All members of the Audit Committee members are independent.

All of the members of the Audit Committee are financially literate based on their experience as a chief executive, financial officer or officers and directors of public and/or private organizations.

### *Pre-Approval Policies and Procedures of Non-Audit Services*

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Corporation's external auditors. As a matter of practice the Audit Committee, and or the audit committee chairman acting on behalf of the Audit Committee, will generally pre-approve all audit and permitted non-audit services to be performed by the external auditors and identifies and reviews the types of non-audit services or mandates that it considers to be incompatible with the principles underlying the independence of the external auditors.

*External Auditor Service Fees*

The aggregate fees for professional services rendered by the Company's auditors for the years ended December 31, 2016, and December 31, 2015, are as follows:

<b>Fiscal years ended December 31</b>	<b>2016</b>	<b>2015</b>
Audit Fees (for audit of the Company's annual financial statements for the respective year and assistance with the Company's quarterly financial statements)	\$425,000	\$500,000
Audit-Related Fees	\$25,000	\$25,000
<b>Total Audit and Audit-Related Fees</b>	<b>\$450,000</b>	<b>\$525,000</b>
Tax Fees (for preparation of tax returns)	\$0	\$0
All Other Fees	\$0	\$0
<b>Total Fees</b>	<b>\$450,000</b>	<b>\$525,000</b>

*Fees paid to Davidson & Company, LLP for 2016 and 2015*

*Compensation Committee*

The Compensation Committee was established on March 18, 2008 and assists the Board of Directors in fulfilling its oversight responsibilities relating to compensation. The Committee's role includes establishing a remuneration and benefits plan for directors, executives and other key employees and reviewing the adequacy and form of compensation of directors and senior management. The Committee oversees the development and implementation of compensation programs in order to support the Corporation's business objectives and attract and retain key executives. The Committee also reviews and makes recommendations to the Corporation's Board of Directors regarding the Corporation's incentive compensation equity-based plans.

The members of the Compensation Committee are Madame Sophia Leung, Madame Liu Yingchun, and Mr. He Fangzhen. Each member of the Compensation Committee is "independent" within the meaning of Canadian Securities laws.

*Corporate Governance & Nominating Committee*

The Corporate Governance and Nominating Committee was established on March 18, 2008 and assists the Board of Directors in fulfilling its oversight responsibilities relating to the board of director's relationship with senior management. The Committee's role includes developing and monitoring the effectiveness of the Corporation's system of corporate governance, assessing the effectiveness of individual directors, the Board of Directors, and various board committees, and is responsible for appropriate corporate governance and proper delineation of the roles, duties and responsibilities of management, the Board of Directors and its committees. The Committee is responsible for recommending to the Board of Directors a set of corporate governance principles and reviewing these principles at least once a year. The Committee oversees the Corporation's investor relations and public relations activities. In addition, the Committee is responsible for identifying and recommending candidates qualified to become directors and board committee members and to ensure that an effective Chief Executive Officer succession plan is in place.

The members of the Corporate Governance and Nominating Committee are Madame Sophia Leung, Madame Liu Yingchun and Mr. He Fangzhen. Each member of the Corporate Governance and Nominating Committee is “independent” within the meaning of Canadian Securities laws.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person or proposed director and no associate or affiliate of the foregoing has had a material interest, direct or indirect, in any transaction in which the Corporation has participated within the three-year period prior to the date of this Management Proxy Circular, or will have any material interest in any proposed transaction, which has materially affected or will materially affect the Corporation.

#### **MANAGEMENT CONTRACTS**

Except as otherwise disclosed herein, management functions of the Corporation are not, to any substantial degree, performed by a person or persons other than the directors or senior officers of the Corporation.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available at [www.sedar.com](http://www.sedar.com) under the name “GLG Life Tech Corporation”. Copies of the Corporation’s financial statements and MD&A can be obtained by contacting the Corporate Secretary of the Corporation in writing at Suite 100, 10271 Shellbridge Way, Richmond, British Columbia V6X 2W8. Copies of such documents will be provided to Shareholders free of charge.

#### **OTHER MATTERS**

Management knows of no other matters to come before the Meeting of Shareholders, other than those referred to in the Notice of Meeting. However, if any other matters which are not known to Management shall properly come before said Meeting; the Form of Proxy given pursuant to the solicitation by Management will be voted on such matters in accordance with the best judgement of the persons voting the proxy.

**SCHEDULE "A"**  
**EVANS & EVANS VALUATION REPORT**  
**REGARDING GLG LIFE TECH CORPORATION**  
**DATED APRIL 5, 2017**

**COMPREHENSIVE VALUATION  
REPORT  
ON**

**GLG LIFE TECH CORPORATION  
VANCOUVER, BRITISH COLUMBIA**

**April 5, 2017**

**EVANS & EVANS, INC.**

**1.0 ASSIGNMENT AND BACKGROUND**

**1.1 Assignment**

Evans & Evans, Inc. (“Evans & Evans” or the “authors of the Report”) was engaged by the Special Committee (the “Committee”) of the Board of Directors (the “Board”) of GLG Life Tech Corporation (“GLG” or the “Company”) to prepare a Comprehensive Valuation Report with respect to the fair market value of 100% of the issued and outstanding shares of the Company as at January 31, 2017 (the “Valuation Date”).

We understand GLG is a reporting issuer whose shares are listed for trading on the Toronto Stock Exchange (the “Exchange”) under the symbol “GLG”. GLG is a global supplier of high-purity zero calorie natural sweeteners including stevia and monk fruit extracts used in food and beverages. We understand the Company is contemplating the conversion of certain third-party and related party debt into shares of a GLG wholly-owned subsidiary (the “Proposed Transaction”). Given the planned completion of the Proposed Transaction, Evans & Evans has been requested by the Committee to undertake the completion of the Report in order to provide an independent opinion as to the fair market value of GLG as at the Valuation Date.

Evans & Evans understands the Report will be subject to the requirements listed as part of Multilateral Instrument 61-101 (the “Instrument”) and agrees to conform to such Instrument. For the purposes of the Report, Evans & Evans is independent to GLG, and all other interested parties in the Proposed Transaction, within the meaning of the Instrument.

As Evans & Evans will be relying extensively on information, materials and representations provided to us by the Company’s management and associated representatives, the authors of the Report will require that the Company’s management confirm to Evans & Evans in writing that the information and management’s representations contained in the Report are accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report.

Evans & Evans, or its staff and associates, will not assume any responsibility or liability for losses incurred by GLG and/or its shareholders, management or any other parties as a result of the circulation, publication, reproduction, or use of the Report, or any excerpts thereto contrary to the provisions of this section of the Report. Evans & Evans also reserves the right to review all calculations included or referred to in the Report and, if Evans & Evans considers it necessary, to revise the Report in light of any information existing at the Valuation Date which becomes known to Evans & Evans after the date of the Report.

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*Unless otherwise indicated, all monetary amounts are stated in Canadian dollars.*

**1.2 Background of GLG**

GLG was incorporated under the *Business Corporations Act* (British Columbia). The Company has the following subsidiaries as of the date of the Report:

<b>Subsidiaries</b>	<b>Jurisdiction of Incorporation</b>	<b>Ownership Interest</b>
Agricultural High Tech Developments Limited	Marshall Islands	100%
Chuzhou Runhai Stevia High Tech Company Limited ("Runhai")	China	100%
Qingdao Runde Biotechnology Company Limited ("Runde")	China	100%
GLG Life Tech US, Inc.	USA	100%
0833416 BC Limited	Canada	55%

GLG is a producer of high-quality stevia extracts and high-quality monk fruit extracts. Historically, the Company has been reliant on stevia sales, however over the last three years GLG has expanded its product line to include selling monk fruit extracts to the international market. Stevia extracts, such as Rebaudioside A (or Reb A), and monk fruit extracts are used as all-natural, zero-calorie sweeteners in food and beverages. In addition, the Company has also added ingredients complementary to the natural high-intensity sweetener market under the Naturals+ product line and is continuing research and development into additional ingredients to assist commercial food companies in reducing the sugar content in their end products.

The Company conducts its stevia and monk fruit development, refining, processing and manufacturing operations through two wholly-owned subsidiaries in China – Runhai and Runde. GLG’s stevia operations in China include four processing factories, stevia growing areas across ten growing regions, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. The Company’s processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf and 1,500 metric tons of RA 97, the best-selling high-grade stevia product, and 130 metric tons of high-purity monk fruit extract.

To date, GLG has received ten Generally Recognized as Safe (“GRAS”) Letters of No Objection from the U.S. Food and Drug Administration (“FDA”) covering its broad array of high-purity stevia products.

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Recent highlights of the Company's operations are provided below:

- On January 7, 2016, GLG, in conjunction with MycoTechnology Corporation ("MycoTech"), together announced a commercial partnership agreement to incorporate MycoTech's ClearTaste™ product to improve the taste of stevia and monk fruit. The partnership combines GLG's experience in the natural sweetener space with the benefits of MycoTech's innovative ClearTaste™ product, a certified United States Department of Agriculture ("USDA") organic bitter blocking technology, in order to improve the taste of stevia and monk fruit.
- On February 1, 2016, GLG announced the launch of GoZero™ Solutions, a line of non-genetically modified organisms ("GMO") zero-calorie sweetener options and proprietary formulations tailored to specific calorie reduction needs.
- On March 9, 2016, GLG announced, in partnership with MycoTech, the launch of P-Pro Plus, a product that complements the benefits of pea protein with MycoTech's ClearTaste™, to offer a pea protein without any of the taste profile issues many food, beverage, and dietary supplement manufacturers experience with pea protein by itself.
- On June 6, 2016, Archer Daniels Midland Company ("ADM") (NYSE: ADM) and GLG announced a partnership to manufacture, market, sell and distribute low-calorie stevia and monk fruit sweeteners to customers around the globe. Under the terms of the agreement, GLG will produce an extensive array of low-calorie sweeteners made from stevia and monk fruit, while ADM will be the exclusive global marketer and distributor of those ingredients to food and beverage companies worldwide.
- On October 6, 2016, GLG announced that the FDA had issued a Letter of No Objection for GLG's enzymatically modified stevia ("EMS") product – specifically "EMS95". EMS95 is part of GLG's TasteBoost™ product line, which consists of a series of enzymatically modified stevia products. GLG's EMS – a natural low-calorie sweetener – is produced through the enzymatic addition of glucose moieties to the original steviol glycoside structure, resulting in a mix of glucosylated steviol glycosides and steviol glycosides. The presence of glucosylated steviol glycosides benefits products using EMS by providing enhanced taste quality and sweetness.

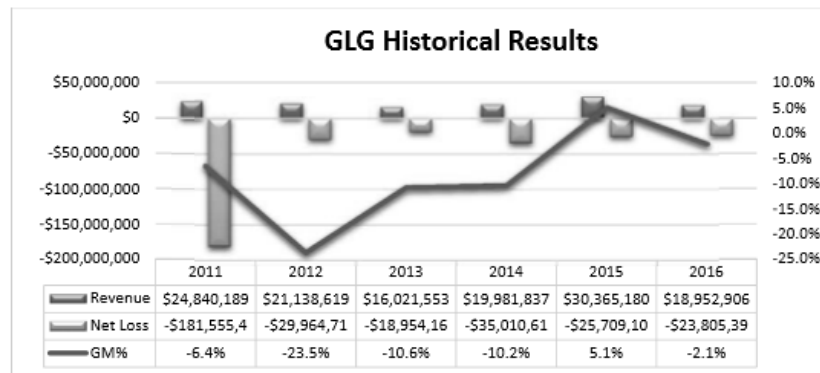
This enhancement in taste and flavor provides a well-rounded, sugar-like low-calorie solution appropriate for a wide variety of food applications, such as dairy, snacks, baked goods, cereals, sports nutrition products, and many more. Furthermore, GLG's EMS products can be used synergistically with other

caloric and non-caloric sweeteners for enhanced sweetness and taste. GLG's EMS products provide an array of choices for food manufacturers targeting consumers of all ages who are looking for healthier, tastier options.

*Financial Results*

GLG's results have fluctuated over the past several years as the Company has introduced new products and attempted to expand its customer base from largely Chinese stevia manufacturers to international food, beverage and ingredient companies. The Company's fiscal year ends on December 31. A summary of results for the years ended December 31, 2011 to 2016 are provided in the graph and table below.

The Company has realized negative margins in the past as a result of significant excess capacity charged against current production. Historical losses have also been impacted by impairment charges from 2011 to 2014.



As outlined in the following table, the Company has faced negative working capital over the past six years and has largely been funded by debt from third parties and a significant shareholder.

CS	December 31,					
	2016	2015	2014	2013	2012	2011
Working Capital	-\$101,729,690	-\$92,078,756	-\$67,351,119	-\$29,445,086	-\$33,853,744	-\$9,800,541
Current Ratio	0.11 (x)	0.18 (x)	0.24 (x)	0.53 (x)	0.61 (x)	0.91 (x)
Long Term Debt to Equity	-0.31 (x)	-0.46 (x)	-0.6 (x)	-2.91 (x)	1.41 (x)	0. (x)
Total Debt to Equity	-1.15 (x)	-1.57 (x)	-2.1 (x)	-5.95 (x)	11.16 (x)	1.7 (x)

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*Restructuring*

On July 15, 2016, GLG underwent a restructuring which resulted in four of five of the Company's 100% owned Chinese Wholly-Owned Foreign Enterprises ("WOFEs") consolidating under Runhai under Chinese law – and, significantly, Runhai was approved to become a Joint Stock Company ("JSC"). A JSC, under Chinese law, enables it considerable opportunities to raise capital. For example, Runhai is able to add Chinese investors, raise equity capital in China, and convert China-based debt into equity in the JSC.

One of the key outcomes of the conversion of Runhai into a JSC was the underlying agreed valuation of the consolidated Runhai entity. Runhai's total investment approval by the China Government is US\$120 million and its net assets were valued at US\$42 million.

**2.0 VALUATION OPINION**

It is the opinion of Evans & Evans, Inc., given the scope of its engagement and with reference to its engagement letter that the fair market value of the Company as at the Valuation Date is in the range of \$16,300,000 to \$17,600,000.

A Comprehensive Valuation Report provides the highest level of assurance regarding the valuation conclusion.

This Valuation Opinion as well as the entire Report is subject to the scope of the work conducted (refer to section 4.0) as well as the assumptions made (refer to section 6.0) and to all of the other sections of the Report.

**3.0 DEFINITION OF FAIR MARKET VALUE**

For the purposes of our Report, Evans & Evans has been requested by the Committee to refer to the Instrument. Fair market value as defined in the Instrument is "*the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act*".

The Instrument definition of fair market value is in line with the Canadian Institute of Chartered Business Valuators definition of fair market value – "*the highest price available in an open and unrestricted market between informed and prudent parties, acting at arms' length and under no compulsion to act, expressed in terms of cash*."

With respect to the market for the shares of a company viewed "en bloc" there are, in essence, as many "prices" for any business interest as there are purchasers and

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each purchaser for a particular “pool of assets”, be it represented by overlying shares or the assets themselves, can likely pay a price unique to it because of its ability to utilize the assets in a manner peculiar to it.

In any open market transaction, a purchaser will review a potential acquisition in relation to what economies of scale (e.g., reduced or eliminated competition, ensured source of material supply or sales, cost savings arising on business combinations following acquisitions, and so on), or “synergies” that may result from such an acquisition.

Theoretically, each corporate purchaser can be presumed to be able to enjoy such economies of scale in differing degrees and therefore each purchaser could pay a different price for a particular pool of assets than can each other purchaser.

Based on our experience, it is only in negotiations with such a special purchaser that potential synergies can be quantified and even then, the purchaser is generally in a better position to quantify the value of any special benefits than is the vendor.

In this engagement Evans & Evans was not able to expose the GLG for sale in the open market and were therefore unable to determine the existence of any special interest purchasers who might be prepared to pay a price equal or greater than the fair market value (assuming the existence of special interest purchasers) outlined in the Report. As noted above, special interest purchasers might be prepared to pay a price higher than fair market value for the synergies noted above.

#### **4.0 SCOPE OF THE REPORT**

The authors of the Report have reached the assessments contained herein by relying on the following:

- Interviewed Mr. Brian Meadows the Company’s President and Chief Financial Officer and Mr. Simon Springett, Vice President of Operations. The purpose of the interviews was to gain an understanding of the Company’s financial and business model and operations plan going forward.
- Conducted a site visit of the Company’s plant in Mingguang, China which is operated by Runhai. Evans & Evans found the operations and plant to reflect descriptions and information provided by GLG.
- Reviewed the Company’s website [www.glglifetech.com](http://www.glglifetech.com).
- Reviewed the Asset Impairment Calculation dated March 14, 2013 prepared by Evans & Evans (the “FY 2013 Impairment Report”). The FY 2013 Impairment Report outlined impairment calculations on the Company’s Stevia cash

generating unit (“CGU”) as at December 31, 2013. No impairment was identified as at December 31, 2013.

- Reviewed the Asset Impairment Calculation dated April 23, 2013 prepared by Evans & Evans (the “FY 2012 Impairment Report”). The FY 2012 Impairment Report outlined impairment calculations on the Company’s Stevia CGU as at December 31, 2011 and 2012.
- Reviewed the Asset Impairment Calculation dated February 27, 2015 prepared by Evans & Evans (the “FY 2014 Impairment Report”). The FY 2014 Impairment Report outlined impairment calculations on the Company’s Stevia CGU as at December 31, 2014.
- Reviewed management’s update for the Board of Directors for the periods ended November 30, 2016 and December 31, 2016.
- Reviewed the Company’s audited financial statements for the years ended December 31, 2012 – 2016 as audited by Davidson & Company LLP.
- Reviewed the management-prepared financial statements for the nine months ended September 30, 2016.
- Reviewed the Management Discussion & Analysis for the nine months ended September 30, 2016.
- Reviewed the Company’s Annual Information Form for the years ended December 31, 2011 to 2016.
- Reviewed a breakdown of the Company’s interest-bearing debt as at December 31, 2016.
- Reviewed the Company’s summary 2014 property, plant and equipment (“PP&E”) impairment analysis.
- Reviewed the independent appraisals of the Company’s assets held by Runhai and Runde.
- Reviewed the Company’s detailed financial model for the years ended December 31, 2017 to 2022.
- Reviewed the Company’s press releases for the 18 months preceding the date of the Report.
- Reviewed stock market trading on the Company’s shares for the period January 4, 2016 to January 31, 2017. As can be seen from the following chart, the

Company's share price has not been very volatile and trading volumes have been low.



- Reviewed the Edison Investment Research Limited “Initiating Coverage” Analyst Report on GLG dated March 10, 2014.
- Reviewed sugar consumption by data from the Organisation for Economic Co-operation and Development’s Food and Agriculture Organisation.
- Reviewed the Notice of Modification to the List of Permitted Sweeteners to Enable the Use of Steviol Glycosides as a Table-Top Sweetener and as a Sweetener in Certain Food Categories issued by Health Canada on November 30, 2012.
- Reviewed general information on the high intensity sweeteners (“HIS”) and stevia markets from such sources as Health Canada, Euromonitor, Global Stevia Institute, Datamonitor, Ingredients Network, Transparency Market Research, World Health Organization, Future Markets Insights, Persistence Market Research, TechNavio, Mordor Intelligence,, Huffington Post, Wall Street Journal, New York Times, The Economist, Freedonia Group, Food Navigator.com, Leatherhead Food Research, and Global Industry Analysts, Inc.
- Reviewed financial data on the following ingredient supply and agriculture companies: Xylitol Canada Inc., SunOpta, Inc., Hempco Food and Fiber Inc., AGT Food and Ingredients Inc., McCormick & Company, Incorporated,

Skypeople Fruit Juice Inc., Ingression Inc., MGP Ingredients Inc., Sunwin Stevia International Inc., Omega Protein Corporation and PureCircle Limited.

**5.0 CONDITIONS OF THE REPORT**

- The Report is intended for placement on GLG's file and may be submitted to the Exchange and made available to GLG's shareholders. The final Report may be referenced in any materials provided to GLG's shareholders.
- The Report is not intended for use in any court proceedings unrelated to the approval of the Proposed Transaction or for submission to any tax authorities.
- Any use beyond that defined above is done so without the consent of Evans & Evans and readers are advised of such restricted use as set out above.
- Evans & Evans did rely only on the information, materials and representations provided to it by the Company. Evans & Evans did apply generally accepted valuation principles to the financial information it did receive from the Company.
- We have assumed that the information which is contained in the Report, is accurate, correct and complete, and that there are no material omissions of information that would affect the conclusions contained in the Report that the Company is aware of. Evans & Evans did attempt to verify the accuracy or completeness of the data and information available.
- Should the assumptions used in the Report be found to be incorrect, then the valuation conclusion may be rendered invalid and would likely have to be reviewed in light of correct and/or additional information.
- Evans & Evans denies any responsibility, financial or legal or other, for any use and/or improper use of the Report however occasioned.
- Evans & Evans's assessments and conclusion is based on the information that has been made available to it. Evans & Evans reserves the right to review all information and calculations included or referred to in the Report and, if it considers it necessary, to revise part and/or its entire Report in light of any information which becomes known to Evans & Evans during or after the date of this Report.
- The Report, and more specifically the assessments and views contained therein, is meant as independent review of the Company as at January 31, 2017. The authors of the Report make no representations, conclusions, or assessments, expressed or implied, regarding the Company or events after the date of which

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final information was provided to Evans & Evans. The information and assessments contained in the Report pertain only to the conditions prevailing at the time the Valuation Report was substantially completed between January of 2017 and the date of the Report.

- Evans & Evans as well as all of its Principal's, Partner's, staff or associates' total liability for any errors, omissions or negligent acts, whether they are in contract or in tort or in breach of fiduciary duty or otherwise, arising from any professional services performed or not performed by Evans & Evans, its Principal, Partner, any of its directors, officers, shareholders or employees, shall be limited to the fees charged and paid for the Report. No claim shall be brought against any of the above parties, in contract or in tort, more than two years after the date of the Report.

**6.0 ASSUMPTIONS OF THE REPORT**

In arriving at its conclusions, Evans & Evans have made the following assumptions:

- 1) There was no material change in the financial position of the Company between the date of the most recent financial statements (December 31, 2016) and the Valuation Date (January 31, 2017) unless noted in the Report.
- 2) There are no known previous formal Comprehensive Valuation Reports on the Company or its subsidiaries. Evans & Evans has been provided with copies of appraisals on the Company's PP&E.
- 3) The financial forecast for the Company as provided by management of GLG, represents management's best estimate of the future economic performance of GLG as at the Valuation Date.
- 4) Evans & Evans has assumed that GLG and all of its related parties and their principals have no current and/or other contingent liabilities, unusual contractual arrangements, or substantial commitments, other than in the ordinary course of business, nor litigation pending or threatened, nor judgments rendered against, other than those disclosed by management and included in the Report, (the Report is not a formal fairness opinion) that would affect Evans & Evans' evaluation or comments.
- 5) GLG has complied with all government taxation, import and export and regulatory practices as well as all aspects of its contractual agreements that would have an effect on the Report, and there are no other material agreements entered into by GLG that are not disclosed in the Report or the Company's disclosure documents.



- 6) At the Valuation Date, no specific special purchaser(s) was/were identified that would pay a premium to purchase 100% of GLG, Runhai or Runde.

This Report is based upon information made available to Evans & Evans and on the assumptions that have been made. Evans & Evans reserves the right to review all information and calculations included or referred to in this Report and, if we consider it necessary, to revise our views in the light of any information which becomes known to us during or after the date of this Report.

**7.0 FINANCIAL HISTORY**

The authors of the Report reviewed the Company's audited financial statements for the years ended December 31, 2011 to 2016. Evans & Evans has summarized and common-sized the income statement and balance sheet in Schedule 1.0 – Historical Financial Statements.

**8.0 FINANCIAL PROJECTIONS**

Evans & Evans reviewed the Company's financial forecasts for the years ended December 31, 2017 to 2022 as summarized and common sized in Schedule 2.0 – Financial Forecasts. More detailed information and assumptions are contained in Evans & Evans working paper file.

**9.0 TANGIBLE ASSET BACKING**

In determining the underlying book value of a company or business, it is useful to view the tangible asset backing ("TAB") as at the Valuation Date.

The value of a firm's tangible assets affects a purchaser's analysis of the risk inherent in investing in that firm. TAB is defined as the aggregate fair market value of all tangible and identifiable intangible assets of a business, where the latter have values that can be separately determined under a going-concern assumption, minus all liabilities. Tangible assets represent the assets required in operations such as fixed assets and working capital net of operating liabilities such as bank debt. Identifiable intangible assets are assets such as patents, trademarks, customer relationships and licences.

TAB provides insight into the risk associated with the particular investment because, in a worst case scenario, the net tangible assets of the company could be sold. The proceeds realized could then be used to relieve the liabilities of the company and recoup shareholder investment. The TAB also provides an indication of the capital investment required to enter the market. In this case, the TAB provides an indication of the potential financial barrier to entry for new competitors.

The authors of the Report reviewed the December 31, 2016 balance sheet for the Company and made certain adjustments in order to arrive at the TAB as at the Valuation Date. Based on a review of the December 31, 2016 balance sheet of the Company, Evans & Evans has calculated the TAB as -\$36.8 million in Schedule 3.0 – Tangible Asset Backing.

**10.0 REDUNDANT ASSETS**

Redundant assets are defined as those assets that are not required in the day-to-day operation of a business, and accordingly can be liquidated or put to some alternative use without risk to the business. The fair market value of a corporation's redundant assets increases the fair market value of its shares otherwise determined under an income-based and/or asset based approach. Alternatively, at the Valuation Date, a firm's capital structure may be over-levered when compared to industry norms. The degree of over-leverage is considered a negative redundancy and must be adjusted for in determining the firm's fair market value.

In reviewing the Company's financial position, Evans & Evans is of the view that the Company is over-levered, i.e., has too much debt, in the amount of \$68.4 million. The reader is advised to refer to the detailed calculations in Schedule 4.0 – Leverage Analysis.

**11.0 BUSINESS AND MARKET SUMMARY ASSESSMENTS**

In arriving at the valuation conclusions contained herein, the authors of the Report have considered the following assessments.

1. Over the last several years the Company has been focused on diversifying its product line to reduce reliance on stevia alone. These efforts at diversification are expected to translate into more stable and increasing revenues going forward. The Company has expanded its product line to include products that are complementary and take advantage of the Company's experience in the high intensity sweetener ("HIS") marketplace. Further, the Company has focused on products that can leverage existing PP&E and accordingly do not require significant capital investments.
2. In addition to focusing on the introduction of new products, GLG has also focused its efforts on transitioning from sales of stevia and derivatives to other stevia companies in China to selling product ingredients to international brands and ingredients companies. As can be seen from the table below, in 2012, sales to customers in China represented almost 93% of revenues, whereas by 2016, these customers represented only 10% of revenues. The ability of the Company to transition its sales force and customer base in such a short period of time

must be considered positive. Further, margins have generally been proven to be higher on international sales.

<b>Revenues</b>					
	<b>12 Months Ended December 31,</b>				
<b>C\$</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
China	\$1,889,612	\$5,063,736	\$11,670,494	\$11,272,070	\$20,106,215
North America	\$17,063,294	\$25,301,444	\$8,311,343	\$4,750,007	\$1,602,711
	\$18,952,906	\$30,365,180	\$19,981,837	\$16,022,077	\$21,708,926
China	10.0%	16.7%	58.4%	70.4%	92.6%
North America	90.0%	83.3%	41.6%	29.6%	7.4%

- One of the challenges the Company has faced over the past several years that has resulted in revenue fluctuations is reliance on a limited number of customers. Management attributes the decline in revenues in 2016 (\$18.95 million) to reduced monk fruit GLG Naturals+ sales. With respect to GLG Naturals+, the 2015 revenues comprised one customer whose product needs have since shifted and resulted in a \$4.0 million decline in revenues year-over-year. Generally the Company has relied on a limited number of customers and as such the loss of a customer or a reduction in purchasing of one customer had a material impact on results.

During the year ended September 30, 2016, four customers (2015 – three customers) of the Natural Sweeteners CGU individually represented 20% or more of total consolidated revenue. The sales to these customers represented approximately 50% (2015 – 70%) of total consolidated revenue. During the year ended December 31, 2015, three customers (2014 – two customers) of the Natural Sweeteners CGU individually represented 15% or more of total consolidated revenue. The sales to these customers represented approximately 70% (2014 – 33%) of total consolidated revenue.

- The Company's gross margin was negative for fiscal years 2011 to 2014 and 2016. The Company has significant investments in PP&E and has been operating well below full capacity. Accordingly, the cost of sales reflects overhead, depreciation and amortization related to idle capacity. As can be seen from the results in 2015, as the Company's sales increase, its gross margin changes dramatically. The Company is forecasting a positive gross margin in 2017 and for margins to stabilize in 2018 and beyond as GLG ramps up production and idle capacity is eliminated.
- GLG does have a significant sales pipeline of both new opportunities and orders which have been secured, but not yet booked. The Company has committed

orders for nearly 50% of forecast 2017 revenues and a pipeline of identified opportunities which in January of 2017 was double the remaining 2017 forecast. The Company has also received a \$10 million commitment from ADM.

6. In 2016 the Company entered into a relationship with ADM. ADM is one of the world's leading processors of oilseeds, corn, wheat, and other agricultural commodities and is a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol, and other value-added food and feed ingredients. To-date, GLG and ADM have been collaborating on product development and started introducing the products to ADM end clients. While revenues have been nominal to-date, the Company began receiving orders in 2016 and GLG is forecasting that sales to ADM will represent 50% of revenues in 2017 and could grow to as high as 70% thereafter. On March 15, 2017, ADM announced it was bringing two new sweetener brands, SweetRight stevia and VerySweet monk fruit, to market. These two new additions to the ADM portfolio are sourced through ADM's partnership with GLG.
7. In undertaking due diligence on the market, Evans & Evans did confirm GLG was considered one of the leaders in the stevia market. In addition, ADM was also recognized as a very significant competitor in the market.
8. The continued losses combined with a lack of working capital and increasing levels of debt have impacted the ability of the Company to invest in growth and manage day-to-day operations. As can be seen from the table below, total debt (including accrued and unpaid interest) increased 74% between December 31, 2012 and December 31, 2016.

CS	December 31,					
	2016	2015	2014	2013	2012	2011
Working Capital	-\$101,729,690	-\$92,078,756	-\$67,351,119	-\$29,445,086	-\$33,853,744	-\$9,800,541
Short-Term Loan	\$65,637,794	\$70,009,287	\$61,494,436	\$40,663,095	\$59,882,876	\$70,574,229
Interest Payable	\$21,354,102	\$16,558,538	\$8,439,711	\$4,703,457	\$1,762,825	\$215,554
Due to Related P	\$7,974,276	\$3,646,595	\$1,006,575	\$0	\$0	\$0
	\$94,966,172	\$90,214,420	\$70,940,722	\$45,366,552	\$61,645,701	\$70,789,783
Long Term Loan:	\$0	\$2,407,268	\$2,010,965	\$19,830,833	\$0	\$0
Convertible Note:	\$0	\$0	\$0	\$3,179,265	\$0	\$0
Due to Related P	\$27,158,725	\$27,913,076	\$23,052,323	\$15,924,428	\$8,673,137	\$0
	\$27,158,725	\$30,320,344	\$25,063,288	\$38,934,526	\$8,673,137	\$0
<b>Total Debt</b>	<b>\$122,124,897</b>	<b>\$120,534,764</b>	<b>\$96,004,010</b>	<b>\$84,301,078</b>	<b>\$70,318,838</b>	<b>\$70,789,783</b>

9. According to data from Transparency Market Research, the alternative sweeteners market is driven by the rise in demand for low-calorie, healthy, sugar-free foods and beverages worldwide. Additionally, the proliferation of

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diabetes and obesity and other related ailments such as cardiac disorders and hypertension is boosting the demand for alternative sweeteners worldwide. Transparency Market Research forecasts the global alternative sweeteners market will grow at a compound annual growth rate (“CAGR”) of 4.2% from 2015 to 2021 and reach a value of US\$15,466.7 million by 2021.

10. Future Market Insights, forecasts the global stevia market will reach US\$565.2 million by 2020, with stevia capturing 15% of the overall sweetener market at that time.
11. Evans & Evans found in its research that Asia Pacific, excluding Japan, and North America are the largest consumers of stevia, and this is expected to remain unchanged over the next five years. As noted above, the Company has sought to increase its North American market share over the past several years.
12. Mordor Intelligence (“Mordor”) forecasts the global food sweetener market will reach approximately US\$111 billion by 2020, with sugar currently holding an 80% share market share. Mordor forecasts the global demand for high-intensity sweeteners will reach nearly US\$2.2 billion in 2020 growing at a CAGR of 5.1%. However the firm notes that, consumption growth for high-intensity sweeteners as a class has slowed to near zero in North America.
13. Evans & Evans found in its research that high-intensity sweeteners, such as stevia, hold the largest share in the global market for alternative sweeteners. However, the low-intensity sweetener market is expected to grow at a much faster rate than the HIS market.
14. The demand for products such as those produced by GLG is driven by both consumers and regulation. In March 2015, the World Health Organization (“WHO”) published revised guidelines on sugar intake that call on national governments to institute policies to reduce sugar intake and increase the scope for regulation of sugar-sweetened beverages (“SSB”s). As a result, multinational beverage companies have been investing in the formulation and sales of artificially sweetened beverages (“ASB”s), promoted as healthier alternatives to SSBs.

## **12.0 METHODOLOGIES**

### **12.1 Overview of Methodologies**

In valuing an asset and/or a business, there is no single or specific mathematical formula. The particular approach and the factors to consider will vary in each case. Where there is evidence of open market transactions having occurred involving the shares, or operating assets, of a business interest, those transactions may often form

the basis for establishing the value of the company. In the absence of open market transactions, the three basic, generally-accepted approaches for valuing a business interest are:

- (a) The Income / Cash Flow Approach;
- (b) The Market Approach; and
- (c) The Cost or Asset-Based Approach.

A summary of these generally-accepted valuation approaches is provided below.

The Income/Cash Flow Approach is a general way of determining a value indication of a business (or its underlying assets), using one or more methods wherein a value is determined by capitalizing or discounting anticipated future benefits. This approach contemplates the continuation of the operations, as if the business is a “going concern”.

The Market Approach to valuation is a general way of determining a value indication of a business or an equity interest therein using one or more methods that compare the subject entity to similar businesses, business ownership interests and securities (investments) that have been sold. Examples of methods applied under this approach include, as appropriate: (a) the “Guideline Public Company Method”, (b) the “Merger and Acquisition Method”; and (c) analyses of prior transactions of ownership interests in the subject entity.

The Cost Approach is based upon the economic principle of substitution. This basic economic principle asserts that an informed, prudent purchaser will pay no more for an asset than the cost to obtain an opportunity of equal utility (that is, either purchase or construct a similar asset). From an economic perspective, a purchaser will consider the costs that they will avoid and use this as a basis for value. The Cost Approach typically includes a comprehensive and all- inclusive definition of the cost to recreate an asset. Typically the definition of cost includes the direct material, labor and overhead costs, indirect administrative costs, and all forms of obsolescence applicable to the asset.

The Asset-Based Approach is adopted where either: (a) liquidation is contemplated because the business is not viable as an ongoing operation; (b) the nature of the business is such that asset values constitute the prime determinant of corporate worth (e.g., vacant land, a portfolio of real estate, marketable securities, or investment holding company, etc.); or (c) there are no indicated earnings/cash flows to be capitalized. If consideration of all relevant facts establishes that the Asset-Based Approach is applicable, the method to be employed will be either a going-

concern scenario ("Net Asset Method") or a liquidation scenario (on either a forced or an orderly basis), depending on the facts.

Lastly, a combination of the above approaches may be necessary to consider the various elements that are often found within specialized companies and/or are associated with various forms of intellectual property.

### **13.0 VALUATION APPROACHES**

#### **13.1 Overall Valuation Approach**

With respect to the Company, Evans & Evans believed it was appropriate to value the Company on a going concern basis. Given the significant debt level and the lack of earnings historically, Evans & Evans did carefully consider a liquidation approach. However, given the pipeline of opportunities, the unique nature of the PP&E that may make it difficult to liquidate and that a significant portion of the debt is due to a related party, it was the view of Evans & Evans that the going concern approach resulted in a higher value than the liquidation method.

Given the status of GLG at the Valuation Date as well as the approaches of valuation outlined above, it is the view of the authors of the Report that the most appropriate approaches in determining the range of the fair market value of GLG at the Valuation Date was a weighting of two approaches:

1. The Guideline Public Company ("GPC") Method was determined appropriate given the history of revenues and the lack of positive earnings, cash flow or EBITDA. Furthermore, the GPC Method captures the market sentiment towards companies in GLG's space as at the Valuation Date.
2. A Discounted Cash Flow ("DCF") was deemed appropriate given that the Company is forecasting significant growth in revenues going forward as it launches new products and furthers its relationship with ADM.

#### **13.2 Methods Considered but Not Utilized**

Evans & Evans also attempted to use a variety of other confirmation approaches. In this regard, Evans & Evans examined and considered the following traditional valuation approaches, but were unable to use any of them:

- (1) Asset-Based Approach. The Asset-Based Approach is generally utilized where either: (i) the company is not deemed to be a going concern; (ii) the nature of the business is such that asset values represent the largest portion of the company's worth (e.g., real estate holding companies); and, (iii) there are no earnings or cash flow to be capitalized. In the case of GLG, given the significant

historical investments in PP&E historically, Evans & Evans carefully considered the use of an Asset Approach. However, given the unique nature of the PP&E and the impairments taken over the last five years, Evans & Evans did not believe the Asset Approach was a reliable indicator of current fair market value.

- (2) Cost Approach. The Cost Approach is generally appropriate under certain circumstances where an asset is still under development, there is no history of generating cash flows, and future cash flows are so uncertain as to be speculative. A weakness of the Cost Approach is that the cost of the opportunity may bear little relationship to the economic benefits that a purchaser might anticipate to derive from such opportunity upon commercial exploitation of the asset. In the case of the Company, given that GLG has been in operations for many years and has been generating revenue, the Cost Approach was deemed inappropriate.
- (3) Income Approach - Capitalized Earnings / Cash Flow / Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") Method. The Company does not have a history of positive income or cash flow. Evans & Evans also carefully considered the use of the Capitalized EBITDA Method given the significant debt in the Company and that the Capitalized EBITDA Method removes the subjectivity with respect to how a company has been funded. Given the lack of historical, positive earnings / cash flows, and that the Company does not have positive EBITDA historically and it is expected to be several years before EBITDA normalizes, these approaches could not be utilized.
- (4) Market Approach - Trading Price Method. As GLG is a reporting issuer with its common shares listed for trading on the Exchange, the authors of the Report carefully considered the use of a Trading Price Method in determining the fair market value of the Company as at the Valuation Date. The authors of the Report reviewed the trading data for the Company's shares for the 13 months preceding the Valuation Date (January 4, 2016 to January 31, 2017). The authors of the Report found for the 180 trading days preceding the Valuation Date (January 31, 2017) the Company's shares closed at an average price of \$0.35 with a daily average trading volumes of less than 15,000 shares. In total over the 180 trading days preceding the Valuation Date only 2,236,304 (approximately 6.0%) of the issued and outstanding shares of the Company were traded.



Trading Price	January 31, 2017		
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>
10-Days Preceding	0.28	0.31	0.33
30-Days Preceding	0.20	0.27	0.36
90-Days Preceding	0.20	0.30	0.39
180-Days Preceding	0.20	0.35	0.50

Trading Volume	January 31, 2017				
	<u>Minimum</u>	<u>Average</u>	<u>Maximum</u>	<u>Total</u>	<u>%</u>
10-Days Preceding	0	5,328	14,500	53,277	0.1%
30-Days Preceding	0	8,861	119,095	265,837	0.7%
90-Days Preceding	0	8,809	119,095	792,841	2.1%
180-Days Preceding	0	12,424	293,589	2,236,304	5.9%

<u>Market Capitalization Based on Average Share Price</u>				
	Days Preceding the Valuation Date			
	<b>10</b>	<b>30</b>	<b>90</b>	<b>180</b>
	<b>\$11,560,000</b>	<b>\$13,370,000</b>	<b>\$11,210,000</b>	<b>\$13,370,000</b>

As can be seen from the tables above, there has not been significant volatility in the Company's share price over the past 13 months.

The authors of the Report deemed it necessary to examine the trading history of the Company to determine the actual ability of shareholders to realize the implied value of their shares (i.e., sell). In examining the trading volumes of the Company over 180 trading days preceding the Valuation Date it is apparent that while shares traded on 147 of 180 trading days, average daily trading volumes are very low. Low average trading volumes indicate that large numbers of shareholders actual ability to realize their shares current trading price is highly unlikely. This provides supporting evidence that trading price is not indicative of fair market value of the Company. The thinness of trading over the previous 12 months of operations also suggests that any indication of fair market value from an enterprise value perspective is unlikely. Given the limited liquidity in the Company's shares, the authors deemed the value implied by the Trading Price Method not representative of the fair market value of GLG.

**14.0 VALUATION OF GLG**

**14.1 Guideline Public Company Method**

The Guideline Public Company Method involves identifying public companies with operations similar to the subject company with stocks that trade freely in the public markets on a daily basis. The objective of the Guideline Public Company Method is to derive multiples to apply to the fundamental financial variables of the subject company. Since the indication of value is based on minority interest transactions, if one is valuing a controlling interest, it may sometimes be necessary to consider applying a premium for control. A discount for lack of marketability may also be appropriate.

Evans & Evans identified 11 companies as outlined in Table 1 of Schedule 5.0 – Guideline Public Company Method as potential guideline companies to GLG. The companies selected were involved in manufacturing food ingredients.

The reader of the Report should note that although the guideline companies may not be direct competitors to the Company, they do or may offer similar products and/or services to their target markets and embody similar business, technical and financial risk/reward characteristics that a notional investor would consider as being comparable.

Thereafter, those companies whose revenues were less than US\$20.0 million or greater than US\$400 million were removed from the analysis. Accordingly, the six companies outlined in Table 2 were utilized in the analysis.

The companies in Table 2 were selected as the most appropriate in terms of business model. The result was a set of enterprise value (“EV”) to trailing 12 month (“TTM”) revenue multiples that varied between 0.75x and 4.71x. In determining an appropriate multiple of EV to TTM revenues to apply to the Company, Evans & Evans considered each of the companies listed in Table 2 and considered a number of relevant factors including business model, products and services offered, revenues and growth.

Of the companies identified in Table 2 Evans & Evans did note that the MGP Ingredients Inc., Sunwin Stevia International Inc. (“Sunwin”) and PureCircle Limited (“PureCircle”) were the most similar to GLG in that they provided ingredients and had branded product lines. Evans & Evans believed the Company to be more diversified than Sunwin but smaller than PureCircle, both of which focus primarily on stevia. Accordingly, Evans & Evans selected a multiplier between those two companies of 3.4x.

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Evans & Evans deemed it appropriate to apply a discount to reflect the lack of liquidity in the Company's shares. The end result was a multiple of EV to revenues for GLG in the range of 3.06x to 3.23x.

Evans & Evans applied the EV to revenue multiple to a weighting of the Company's estimated 2016 and budgeted 2017 revenues. A reliance on 2017 revenues was deemed appropriate because as of the Valuation Date, GLG had committed orders for 2017 which exceeded 2016 revenues. Thereafter, cash on hand was added back and debt was deducted to arrive at a fair market value of \$14,200,000.

**14.2 Discounted Cash Flow Method**

As a starting point for the DCF Method, Evans & Evans reviewed the financial projections for the Company for the years ended December 31, 2017 to 2022 as outlined in Schedule 2.0. Given the operating history of the Company and the sales pipeline in place, Evans & Evans did believe reliance on the six year forecasts was appropriate.

The net present value of the cash flows is determined by adjusting for the probability of incurring the income and discounted for business risk and time value of money.

Derivation of a Discount Rate

In assessing discount rates to GLG's projections for the Company, Evans & Evans selected discount rates in the range of 11.33% to 13.2%.

A discount rate is used to convert a future stream of cash flows into value, whereas a capitalization rate (equal to the discount rate minus the cash flow growth rate) is utilized to convert a single period's cash flow into value. When utilizing debt-free cash flow, the most appropriate discount rate is the Company's weighted average cost of capital ("WACC"), which provides an expected rate of return based on the Company's capital structure, the required yield on the Company's equity, and the required yield on interest-bearing debt.

The basic formula for computing WACC can be expressed as follows:

$$WACC = (k_e \times W_e) + (k_d \times [1-t] \times W_d)$$

Where:

- WACC = Weighted average cost of capital
- $k_e$  = Corporation's cost of equity capital
- $k_d$  = Corporation's cost of debt capital

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$W_e$	=	Percentage of equity capital in the capital structure
$W_d$	=	Percentage of debt capital in the capital structure
$t$	=	Corporation's effective income tax rate

Evans & Evans calculated the weighted average cost of debt for the Company, as outlined in Schedule 6.0 – Discounted Cash Flow Method, to be 8.41%. This pre-tax cost of debt was used in our DCF Method.

The remaining component of WACC, the cost of equity, was derived using the “build-up” method. The method constructs a discount rate by “building up” the components of such a rate. Starting with the risk-free rate prevalent at the Valuation Date, a generic equity risk premium, as well as a risk premium specific to the Company is then added.

Credit Suisse's Global Investment Returns Yearbook 2017 analyzes returns of Canadian stocks, bonds, bills, and inflation from 1900 to 2016. Data from the study found an annualized real equity risk premium (“ERP”) of 4.2% relative to Canadian government bonds from 1900 to 2016. The build-up method also incorporates a small stock premium of 3.5%.

Combining the current long-term government bond yield and the equity-risk and small stock premia provides an estimate of the potential return that investors, in the January 2017 interest rate environment, require for investing in a diversified portfolio of equities. With Canadian government bond yields at 2.31% as the Valuation Date, the implied return requirement for investing in a market basket of publicly traded equities is 10.01%.

This estimated required return captures only systematic or market risk, and does not address the risk specific to the Company. For this reason, a notional purchaser of the Company would require a premium to induce investment. A number of factors indicate that an investment in the Company is riskier than an investment in the market. These factors include the competitive environment, the historical fluctuations in earnings, and reliance on a limited number of customers. It is our view that an investor would require at least 300 to 550 basis points to compensate for the additional risk to attract investors to GLG.

Combining the variables discussed (long-term government bond yield, equity risk premium, and an allowance for size and the risks unique to the Company) indicates that discount rates of 13.01% to 15.51% are required. The computation is outlined in Schedule 6.0.

Having estimated rates of return for both the debt and equity components of GLG's capital structure, the next step is to weight, at market value, each component based upon the proportion each represents of total capitalization. A capital structure of

25% debt and 75% equity was utilized for the Company based on industry averages. Applying these weightings results in WACCs of 11.33% to 13.21%.

Upon arriving at the net present value of the cash flows, Evans & Evans deducted the outstanding debt to arrive at the fair market value of the equity. The Discounted Cash Flow Method results in a fair market value of the Company deemed to be \$20.33 million as outlined in Schedule 6.0.

**15.0 VALUATION CONCLUSIONS**

Upon arriving at the fair market value of the Company under the two methods outlined in section 14.0 of the Report, Evans & Evans deemed it appropriate to apply a weighting to the two methodologies. This was done in order to balance the current results with the potential of the Company going forward.

The low end of the range of fair market value of GLG was determined to be \$16.3 million. In arriving at the low end of the range, Evans & Evans deemed it appropriate to rely more heavily on the GPC Method, the reasons for which are: (1) the Company has not proven its ability to sustain the levels of revenues being forecast going forward; (2) the GPC Method puts more weight on current results; and, (3) the GPC Method is reflective of current valuations in the market.

<b>Method</b>	<b>Midpoint</b>	<b>Weighting</b>	
Guideline Public Company Method	\$14,200,000	65%	\$9,230,000
Discounted Cash Flow Method	\$20,330,000	35%	\$7,115,500
<b>Fair Market Value, US\$</b>			<b>\$16,300,000</b>

The high end of the range of fair market value of GLG was determined to be \$17.6 million. In arriving at the high end of the range, Evans & Evans placed more reliance on the DCF Method given: (1) the increasing breadth of the product line; (2) the sales pipeline as at the Valuation Date; and, (3) the new relationship with ADM.

<b>Method</b>	<b>Midpoint</b>	<b>Weighting</b>	
Guideline Public Company Method	\$14,200,000	45%	\$6,390,000
Discounted Cash Flow Method	\$20,330,000	55%	\$11,181,500
<b>Fair Market Value, US\$</b>			<b>\$17,600,000</b>

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**16.0 QUALIFICATIONS AND CERTIFICATION**

**16.1 Qualifications**

The Report preparation, and related fieldwork and due diligence investigations, were carried out by Jennifer Lucas and hereafter reviewed by Michael Evans.

Mr. Michael A. Evans, MBA, CFA, CBV, ASA, Principal, founded Evans & Evans, Inc. in 1989. For the past 30 years, he has been extensively involved in the financial services and management consulting fields in Vancouver, where he was a Vice-President of two firms, The Genesis Group (1986-1989) and Western Venture Development Corporation (1989-1990). Over this period he has been involved in the preparation of over 2,500 technical and assessment reports, business plans, business valuations, and feasibility studies for submission to various Canadian stock exchanges and securities commissions as well as for private purposes. Formerly, he spent three years in the computer industry in Western Canada with Wang Canada Limited (1983-1986) where he worked in the areas of marketing and sales.

Mr. Michael A. Evans holds: a Bachelor of Business Administration degree from Simon Fraser University, British Columbia (1981); a Master's degree in Business Administration from the University of Portland, Oregon (1983) where he graduated with honors; the professional designations of Chartered Financial Analyst (CFA), Chartered Business Valuator (CBV) and Accredited Senior Appraiser. Mr. Evans is a member of the CFA Institute, the Canadian Institute of Chartered Business Valuators ("CICBV") and the American Society of Appraisers ("ASA").

Ms. Jennifer Lucas, MBA, CBV, ASA, Managing Partner, joined Evans & Evans in 1997. Ms. Lucas possesses several years of relevant experience as an analyst in the public and private sector in British Columbia and Saskatchewan. Her background includes working for the Office of the Superintendent of Financial Institutions of British Columbia as a Financial Analyst. Ms. Lucas has also gained experience in the Personal Security and Telecommunications industries. Since joining Evans & Evans Ms. Lucas has been involved in writing and reviewing over 1,500 valuation and due diligence reports for public and private transactions.

Ms. Lucas holds: a Bachelor of Commerce degree from the University of Saskatchewan (1993), a Masters in Business Administration degree from the University of British Columbia (1995). Ms. Lucas holds the professional designations of Chartered Business Valuator and Accredited Senior Appraiser. She is a member of the CICBV and the ASA.

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**16.2 Certification**

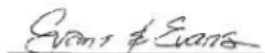
The analyses, opinions, calculations and conclusions were developed, and this Report has been prepared in accordance with the standards set forth by the Canadian Institute of Chartered Business Valuators.

The fee established for the Report has not been contingent upon the value or other opinions presented.

The authors of the Report have no present or prospective interest in GLG or any of the debt providers of the Company, and we have no personal interest with respect to the parties involved.

For the purposes of the Report, Evans & Evans is independent to GLG, and all other interested parties in the Proposed Transaction, within the meaning of the Instrument.

Yours very truly,



**EVANS & EVANS, INC.**

**17.0 RESTRICTIONS AND CONDITIONS**

This Report is intended for the purpose stated in section 1.0 hereof and, in particular, is based on the scope of work and assumptions as to results that could reasonably be expected at the Valuation Date.

The authors of the Report advise the reader to carefully review sections on the Conditions of the Report and the Assumptions of the Report to understand the critical assumptions that the Report is based on. It is not to be the basis of any subsequent valuation and is not to be reproduced or used other than for the purpose of this Report without prior written permission in each specific instance.

Evans & Evans reserves the right to review all information and calculations included or referred to in this Report and, if it consider necessary, to revise its views in the light of any information which becomes known to it during or after the date of this Report. The authors of the Report disclaim any responsibility or liability for losses occasioned to the Company, GLG, their respective investors, shareholders and all other related and other parties including potential investors as a result of the circulation, publication, reproduction or use of this Report or its use contrary to the provisions of this paragraph.

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18.0 SCHEDULES

- Schedule 1.0 – Historical Financial Statements
- Schedule 2.0 – Financial Projections
- Schedule 3.0 – Tangible Asset Backing
- Schedule 4.0 – Leverage Analysis
- Schedule 5.0 – Guideline Public Company Method
- Schedule 6.0 – Discounted Cash Flow Method



**Comprehensive Valuation Report  
GLG LIFE TECH CORPORATION  
April 5, 2017**

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**SCHEDULE 1.0 – HISTORICAL FINANCIAL STATEMENTS**

**EVANS & EVANS, INC.**

**GLG Life Tech Corporation**  
Balance Sheet As At

CS	Audited	Audited	Audited	Audited	Audited	Audited
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
<b>Assets</b>						
<b>Current Assets</b>						
Cash	\$1,562,524	\$2,326,765	\$954,599	\$5,132,909	\$3,382,437	\$4,486,838
Short-Term Investments	\$0	\$0	\$186,998	\$0	\$0	\$0
Accounts Receivable	\$2,209,271	\$2,821,324	\$2,083,483	\$1,200,312	\$8,444,038	\$7,124,710
Sales Taxes Recoverable	\$662,240	\$1,220,619	\$5,466	\$5,209,949	\$5,652,678	\$8,583,119
Inventory	\$7,838,059	\$12,571,996	\$16,654,136	\$18,638,507	\$31,593,282	\$66,740,868
Prepays and Other Advances	\$788,369	\$702,779	\$1,295,663	\$2,302,692	\$3,587,802	\$6,639,733
	\$13,060,463	\$19,643,483	\$21,180,445	\$32,784,359	\$52,840,237	\$93,575,248
<b>Property, Plant and Equipment</b>						
Biological Assets	\$42,066,695	\$56,173,834	\$50,480,025	\$54,444,418	\$49,552,923	\$53,110,025
Deferred Income Tax Asset	\$0	\$210,149	\$242,107	\$26,453	\$672,015	\$696,859
	\$0	\$0	\$0	\$41,255	\$0	\$0
<b>Total Assets</b>	<b>\$55,127,158</b>	<b>\$76,027,466</b>	<b>\$71,902,577</b>	<b>\$87,796,495</b>	<b>\$103,065,173</b>	<b>\$147,382,132</b>
<b>Liabilities and Shareholders' Equity</b>						
<b>Short Term Liabilities</b>						
Accounts Payable and Accruals	\$65,637,794	\$70,009,287	\$61,494,436	\$40,665,095	\$59,882,876	\$70,574,229
Interest Payable	\$19,521,154	\$21,507,819	\$17,590,842	\$16,862,903	\$25,048,280	\$32,476,546
Due to Related Parties	\$21,554,102	\$16,558,538	\$8,439,711	\$4,703,457	\$1,762,825	\$235,554
Deferred Revenues	\$7,974,276	\$3,646,955	\$1,006,575	\$0	\$0	\$0
	\$302,827	\$0	\$0	\$0	\$0	\$109,460
	\$114,790,153	\$111,722,339	\$88,531,564	\$62,232,455	\$86,693,981	\$103,375,789
<b>Long Term Liabilities</b>						
Long Term Loans	\$0	\$2,407,268	\$2,010,965	\$19,830,833	\$0	\$0
Convertible Notes	\$0	\$0	\$0	\$3,179,265	\$0	\$0
Due to Related Parties	\$27,154,725	\$27,913,076	\$23,052,323	\$19,924,428	\$8,673,137	\$0
Liabilities on Derivatives	\$606,002	\$205,917	\$81,165	\$0	\$9,911	\$0
	\$27,764,727	\$30,526,261	\$23,144,453	\$38,824,326	\$8,683,048	\$0
<b>Shareholders' Deficiency</b>						
Share Capital	\$197,849,958	\$197,116,227	\$194,270,208	\$191,245,563	\$190,449,847	\$189,335,257
Contributed Surplus	\$29,232,154	\$29,019,218	\$28,608,515	\$28,171,678	\$26,857,443	\$26,429,140
Accumulated Other Comprehensive Income	\$13,183,039	\$11,541,694	\$11,536,910	\$10,389,044	\$5,585,772	\$8,568,484
Deficit	-\$327,692,872	-\$303,898,173	-\$278,189,073	-\$243,178,461	-\$216,748,234	-\$182,720,710
Non Controlling Interest	\$0	\$0	\$0	\$4,690	\$1,945,316	\$2,394,172
	\$55,127,159	\$76,027,466	\$71,902,577	\$87,796,495	\$103,065,173	\$147,382,132
Working Capital	-\$101,729,690	-\$92,078,756	-\$67,351,119	-\$29,445,086	-\$35,853,744	-\$9,800,541
Current Ratio	0.11 (x)	0.18 (x)	0.24 (x)	0.53 (x)	0.61 (x)	0.91 (x)
Long Term Debt to Equity	-0.31 (x)	-0.44 (x)	-0.4 (x)	-2.91 (x)	1.41 (x)	0 (x)
Total Debt to Equity	-1.15 (x)	-1.57 (x)	-2.1 (x)	-5.93 (x)	11.16 (x)	1.7 (x)



**GLG Life Tech Corporation**  
Income Statement for the Periods

C\$	Audited	Audited	Audited	Audited	Audited	Audited
	12 Months Ended December 31, 2016	12 Months Ended December 31, 2015	12 Months Ended December 31, 2014	12 Months Ended December 31, 2013	12 Months Ended December 31, 2012	12 Months Ended December 31, 2011
Revenue	\$18,962,906	\$30,365,180	\$19,981,837	\$16,021,663	\$21,138,619	\$24,840,189
Cost of Sales	\$19,342,379	\$28,806,464	\$22,027,464	\$17,723,791	\$26,110,173	\$26,421,812
Gross Profit	-\$389,473	\$1,558,716	-\$2,045,627	-\$1,702,238	-\$4,971,554	-\$1,581,623
Expenses						
Direct Expenses	\$9,581,930	\$9,981,314	\$8,257,962	\$1,205,546	\$9,300,329	\$43,665,504
Depreciation and Amortization	\$2,176,571	\$1,709,189	\$1,024,873	\$720,877	\$389,809	\$1,787,631
	\$11,758,501	\$11,690,503	\$9,282,835	\$1,926,423	\$9,690,338	\$45,453,135
Other Income (Expenses)						
Bad Debt Recovery (Expense)	\$445,580	-\$711,723	-\$95,128	\$0	\$0	\$0
Foreign Exchange Gain (Loss)	\$1,849,419	-\$2,240,502	-\$1,101,300	\$638,426	\$148,115	-\$242,721
Goodwill and Intangible Asset Impairment	\$0	\$0	\$0	\$0	\$0	-\$40,139,020
Extinguishment of Accounts Payable	\$214,684	\$0	\$0	\$0	\$0	\$0
Loss Provision on the Amendment of the Convertible Note	\$0	\$0	-\$443,000	\$0	\$0	\$0
Interest Expense	-\$11,259,171	-\$10,905,321	-\$7,876,052	-\$7,199,170	-\$6,927,929	-\$5,721,191
Interest Income	\$14,316	\$34,688	\$27,695	\$17,895	\$3,918	\$183,494
Inventory Impairment - Obsolescence	-\$1,120,339	-\$1,793,722	-\$1,650,382	-\$8,148,650	-\$8,494,470	-\$29,714,499
Other Income (Expenses)	\$565,843	-\$859,595	-\$471,072	-\$585,391	\$50,206	\$0
Prepaid Expenses Recovery (Impairment)	-\$90,381	\$107,739	-\$944,678	\$0	\$0	\$0
Loss on Disposal of Property, Plant and Equipment	\$0	\$0	\$0	\$0	\$0	\$0
Property, Plant and Equipment Impairment	-\$2,277,367	-\$1,910,635	-\$5,968,804	\$0	\$0	-\$58,448,304
Sales Taxes Recovery (Impairment)	\$0	\$2,701,758	-\$5,211,625	\$0	\$0	\$0
	-\$11,637,416	-\$15,577,313	-\$23,734,346	-\$15,276,890	-\$15,220,160	-\$134,082,238
Loss before Income Taxes and Non-Controlling Interest	-\$23,806,390	-\$25,709,100	-\$35,062,808	-\$18,906,651	-\$29,882,062	-\$181,114,996
Income Tax Recovery	\$0	\$0	\$32,196	-\$48,611	-\$32,666	-\$440,460
Net Loss	-\$23,806,390	-\$25,709,100	-\$35,030,612	-\$18,955,262	-\$29,914,728	-\$181,555,456

**GLG Life Tech Corporation**  
Income Statement for the Periods

Common Sized	Management 12 Months Ended December 31, 2016	Audited 12 Months Ended December 31, 2015	Audited 12 Months Ended December 31, 2014	Audited 12 Months Ended December 31, 2013	Audited 12 Months Ended December 31, 2012	Audited 12 Months Ended December 31, 2011
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	102.1%	94.9%	110.2%	110.6%	123.5%	106.4%
Gross Profit	-2.1%	5.1%	-10.2%	-10.6%	-23.5%	-6.4%
Expenses						
Direct Expenses	50.6%	32.9%	41.3%	7.5%	44.0%	175.8%
Depreciation and Amortization	11.5%	5.6%	5.1%	4.5%	1.8%	7.2%
	62.0%	38.5%	46.5%	12.0%	45.8%	183.0%
Other Income (Expenses)						
Bad Debt Recovery (Expense)	2.4%	-2.3%	-0.5%	0.0%	0.0%	0.0%
Foreign Exchange Gain (Loss)	9.8%	-7.4%	-5.5%	4.0%	0.7%	-1.0%
Goodwill and Intangible Asset Impairment	0.0%	0.0%	0.0%	0.0%	0.0%	-161.6%
Extinguishment of Accounts Payable	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Loss Provision on the Amendment of the Convertible Note	0.0%	0.0%	-2.2%	0.0%	0.0%	0.0%
Interest Expense	-59.4%	-35.9%	-39.4%	-44.9%	-32.8%	-23.0%
Interest Income	0.1%	0.1%	0.1%	0.1%	0.0%	0.7%
Inventory Impairment - Obsolescence	-5.9%	-5.9%	-8.3%	-50.9%	-40.2%	-119.6%
Other Income (Expenses)	3.0%	-2.8%	-2.4%	-3.7%	0.2%	0.0%
Prepaid Expenses Recovery (Impairment)	-0.5%	0.4%	-4.7%	0.0%	0.0%	0.0%
Loss on Disposal of Property, Plan and Equipment	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Property, Plan and Equipment Impairment	-12.0%	-6.3%	-29.9%	0.0%	0.0%	-235.3%
Sales Taxes Recovery (Impairment)	0.0%	8.9%	-26.1%	0.0%	0.0%	0.0%
	-61.5%	-51.3%	-118.8%	-95.4%	-72.0%	-539.8%
Loss before Income Taxes and Non-Controlling Interest	-126.6%	-84.7%	-175.5%	-118.0%	-141.4%	-729.1%
Income Tax Recovery	0.0%	0.0%	0.3%	-0.3%	-0.4%	-1.8%
Net Loss	-126.6%	-84.7%	-175.2%	-118.3%	-141.8%	-730.9%

**Comprehensive Valuation Report  
GLG LIFE TECH CORPORATION  
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**SCHEDULE 2.0 – FINANCIAL PROJECTIONS**

**EVANS & EVANS, INC.**

**GLG Life Tech Corporation**  
**Forecast Income Statement**  
**For the Years Ended December 31,**

<b>C\$ Millions</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenue	\$40.34	\$66.32	\$93.22	\$123.30	\$160.64	\$210.07
Cost of Sales	\$31.53	\$50.54	\$71.04	\$92.93	\$119.41	\$155.50
<b>Gross Margin</b>	<b>\$6.81</b>	<b>\$14.78</b>	<b>\$22.18</b>	<b>\$30.37</b>	<b>\$41.23</b>	<b>\$54.56</b>
Operating Expenses	\$12.77	\$13.70	\$15.47	\$16.98	\$18.73	\$20.79
<b>Profit (Loss) from Operations</b>	<b>-\$5.96</b>	<b>\$1.08</b>	<b>\$6.71</b>	<b>\$13.38</b>	<b>\$22.49</b>	<b>\$33.77</b>
Asset Impairment Charges	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Interest Expense	\$11.78	\$13.22	\$14.56	\$15.83	\$17.47	\$19.40
Total Other expenses	\$11.78	\$13.22	\$14.56	\$15.83	\$17.47	\$19.40
<b>Net Income before Taxes</b>	<b>-\$17.73</b>	<b>-\$12.14</b>	<b>-\$7.85</b>	<b>-\$2.45</b>	<b>\$5.02</b>	<b>\$14.37</b>

<b>C\$ Millions</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Sales	78.2%	76.2%	76.2%	75.4%	74.3%	74.0%
<b>Operating Expenses</b>	<b>31.7%</b>	<b>20.7%</b>	<b>16.6%</b>	<b>13.8%</b>	<b>11.7%</b>	<b>9.9%</b>
<b>Profit (Loss) from Operations</b>	<b>-14.8%</b>	<b>1.6%</b>	<b>7.2%</b>	<b>10.9%</b>	<b>14.0%</b>	<b>16.1%</b>
Asset Impairment Charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Expenses	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest Expense	29.2%	19.9%	15.6%	12.8%	10.9%	9.2%
Total Other expenses	29.2%	19.9%	15.6%	12.8%	10.9%	9.2%
<b>Net Income before Taxes</b>	<b>-44.0%</b>	<b>-18.3%</b>	<b>-8.4%</b>	<b>-2.0%</b>	<b>3.1%</b>	<b>6.8%</b>

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**SCHEDULE 3.0 – TANGIBLE ASSET BACKING**

**EVANS & EVANS, INC.**



## GLG Life Tech Corporation

Tangible Asset Backing

As At January 31, 2017 based on December 31, 2016 Financial Statements

C\$	Book Value	Adjustment	Tangible Asset Backing	Notes
<b>Current Assets</b>				
Cash	\$1,562,524		\$1,562,524	
Short-Term Investments	\$0		\$0	
Accounts Receivable	\$2,209,271		\$2,209,271	
Sales Taxes Recoverable	\$662,240		\$662,240	
Inventory	\$7,838,059		\$7,838,059	1
Prepays and Other Advances	\$788,369		\$788,369	
	\$13,060,463		\$13,060,463	
Property, Plant and Equipment	\$42,066,695	\$52,583,369	\$94,650,064	2
Biological Assets	\$0		\$0	
Deferred Income Tax Asset	\$0		\$0	
<b>Total Assets</b>	<b>\$55,127,158</b>		<b>\$107,710,527</b>	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Short Term Loans	\$65,637,794		\$65,637,794	3
Accounts Payable and Accruals	\$19,521,154		\$19,521,154	
Interest Payable	\$21,354,102		\$21,354,102	3
Due to Related Parties	\$7,974,276		\$7,974,276	3
Deferred Revenue	\$302,827		\$302,827	
	\$114,790,153		\$114,790,153	
Long Term Loans	\$0		\$0	3
Convertible Notes	\$0		\$0	
Due to Related Parties	\$27,158,725		\$27,158,725	3
Liabilities on Derivatives	\$606,002		\$606,002	
<b>Assets Less Liabilities</b>	<b>-\$87,427,722</b>		<b>-\$34,844,353</b>	
Leverage Adjustment				4
Stub Period Net Loss			-\$1,983,782.50	5
<b>Tangible Asset Backing</b>			<b>-\$36,800,000</b>	

### Notes

- Evans & Evans discussed with management the inventory and GLG noted it was current and saleable.
- The Company has had the land, buildings and PP&E externally appraised. While the assets have been written down substantially given historical results of operations, Evans & Evans did believe it appropriate to apply a premium to the current book value.

Premium to Book Value 125%

- These amounts do require repayment.

- Given the materiality of the leverage adjustment and the risk associated with receiving such a large equity investment, no adjustment was made.

- Adjustment to account for the timing difference between the date of the most recent financial statements and the Valuation Date.

Net Loss for 12 Months Ended December 31, 2016	-\$23,805,390
Net Loss per Month	-\$1,983,782.50
Number of Months to Adjust	1

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**SCHEDULE 4.0 – LEVERAGE ANALYSIS**

**EVANS & EVANS, INC.**

**GLG Life Tech Corporation**  
**Leverage Analysis Calculation**  
As At January 31, 2017 based on December 31, 2016 Financial Statements

	31-Dec-16	Factor	Margin	Notes
<b><u>Security - Margin Analysis</u></b>				
Inventory	7,838,059	70%	5,486,641	
Accounts Receivable	2,209,271	75%	1,656,953	
Capital and Fixed Assets	42,066,695	60%	25,240,017	
			<b><u>32,383,612</u></b>	<b>A</b>
<b><u>Times Interest Earned Coverage</u></b>				
			<b><u>TIE</u></b>	
EBIT (Actual FY 2016)			-35,064,561	
Interest Rate			8.41%	
Industry Times Interest Earned			5.9	1
Times Interest Earned Amount			<u>0</u>	<b>B</b>
<b><u>Ratio Analysis</u></b>				
		<b><u>GLG</u></b>	<b><u>Industry/Competitors</u></b>	
Current Ratio		0.11 :1	1.83	1
Total Debt:Equity Ratio		-1.15 :1	0.56	1
			<u>0</u>	<b>C</b>
<b><u>Maximum Allowable Debt</u></b>				
			<b><u>All Debt</u></b>	
Least of A, B or C (if any one or all negative then "0")			32,383,612	
Less: Existing Interest Bearing Only Debt			100,770,795	2
<b><u>Over Leverage (Too Much Debt) Based on Industry Averages, say</u></b>			<b><u>-68,387,183</u></b>	<b>3</b>
<b><u>Interest Savings</u></b>			<b><u>5,749,942</u></b>	

**Notes:**

1 Times Interest Earned based on industry comparison

<b>Food Processing</b>	
<i>Financial Strength</i>	
Current Ratio (MRQ)	1.83
Total Debt to Equity (MRQ)	0.56
Interest Coverage (TTM)	5.91

From: Reuters Inc.

2 All interest bearing debt. Excludes accrued but unpaid interest.

3 Based on industry norms the Company has too much debt.

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**SCHEDULE 5.0 – GUIDELINE PUBLIC COMPANY METHOD**

**EVANS & EVANS, INC.**

**GLG Life Tech Corporation**  
**Guideline Public Company Method**  
**As At January 31, 2017**

Table 1 - Identified Companies

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	TTM Revenues	TTM EBITDA	EV / Revenues	TTM Net Income	EV / EBITDA	
Xylitol Canada Inc.	XYL	TSXV	1.07	3.11	7.60	-3.30	0.41	-4.00	n/a	
SunOpta, Inc.	SOY	TSE	781.66	1,088.30	1,754.79	-25.80	0.62	-66.63	n/a	
Hempco Food and Fiber Inc.	HEMP	TSXV	22.69	21.59	6.89	-1.63	3.13	-3.73	n/a	
AGT Food and Ingredients Inc.	AGT	TSE	852.68	1,343.46	1,900.61	69.62	0.71	15.50	19.30	
McCormick & Company, Incorporated	MKC	NYSE	11,961.86	13,289.76	4,410.00	754.10	3.01	472.30	17.62	
Skypeople Fruit Juice Inc.	SPU	NASDAQ	26.80	54.91	73.41	10.37	0.75	-1.32	5.30	
Ingredion Inc.	INGR	NYSE	9,202.76	11,086.76	5,700.00	1,030.00	1.95	485.00	10.76	
MGP Ingredients Inc.	MGPI	NASDAQ	708.28	742.72	318.26	49.84	2.33	30.23	14.90	
Sunwin Stevia International Inc.	SUWN	OTC QB	29.94	33.84	22.35	-2.44	1.51	-4.71	n/a	
Omega Protein Corporation	OME	NYSE	559.28	522.96	390.83	113.90	1.34	32.35	4.59	
PureCircle Limited	PURE	LON	611.28	619.18	131.37	24.30	4.71	8.90	25.48	
							Average	1.86	87.63	13.99
							Median	1.51	8.90	14.90
							Coefficient of Variance	0.72	2.23	0.54

Table 2 - Selected Companies

Company Name	Ticker	Exchange	Market Capitalization	Enterprise Value	TTM Revenues	TTM EBITDA	EV / Revenues	TTM Net Income	EV / EBITDA	
Hempco Food and Fiber Inc.	HEMP	TSXV	22.69	21.59	6.89	-1.63	3.13	-3.73	n/a	
Skypeople Fruit Juice Inc.	SPU	NASDAQ	26.80	54.91	73.41	10.37	0.75	-1.32	5.30	
MGP Ingredients Inc.	MGPI	NASDAQ	708.28	742.72	318.26	49.84	2.33	30.23	14.90	
Sunwin Stevia International Inc.	SUWN	OTC QB	29.94	33.84	22.35	-2.44	1.51	-4.71	n/a	
Omega Protein Corporation	OME	NYSE	559.28	522.96	390.83	113.90	1.34	32.35	4.59	
PureCircle Limited	PURE	LON	611.28	619.18	131.37	24.30	4.71	8.90	25.48	
							Average	2.30	10.29	12.57
							Median	1.92	3.79	10.10
							Coefficient of Variance	0.63	1.65	0.78

**GLG Life Tech Corporation**  
**Guideline Public Company Method**  
**As At January 31, 2017**

**GLG Life Tech Corporation**

**Support for Discount to Comparable Company Multiplies**

Revenue Multiplier	Discount Range to Apply*		Multiplier
	5%	10%	
3.40			3.23
3.40			3.06

	LOW	HIGH
Liquidity of investment	5%	10%

CS	2016	2017
	Actual	Budget
Revenue	\$18,982,906	\$40,339,858
Weighting	20.0%	80.0%
Weighted Average Revenues		\$36,062,467
	<b>Low</b>	<b>High</b>
Multiple	3.06	3.23
Going Concern Value	\$110,351,150	\$116,481,770
Plus: Cash	\$1,562,524	\$1,562,524
Less: Debt	-\$100,770,795	-\$100,770,795
<b>Fair Market Value, Say</b>	<b>\$11,100,000</b>	<b>\$17,300,000</b>
Midpoint, say		\$14,200,000

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**SCHEDULE 6.0 – DISCOUNTED CASH FLOW METHOD**

**EVANS & EVANS, INC.**

**GLG Life Tech Corporation**  
**Discounted Cash Flow Method**  
**For the Period Ended December 31,**

CS '000s	12 Months 2017	12 Months 2018	12 Months 2019	12 Months 2020	12 Months 2021	12 Months 2022	
Net Income Before Tax	\$3,959.73	\$2,077.71	\$6,707.11	\$13,383.16	\$22,492.33	\$33,772.64	
Add: Amort./Depreciation	\$5,362.11	\$5,538.22	\$5,936.98	\$6,529.44	\$6,779.41	\$7,330.97	1
Add: Stock-Based Compensation	\$1,336.30	\$1,400.98	\$1,493.90	\$1,591.89	\$1,690.89	\$1,786.63	2
Cash Flow Before Tax	\$2,738.68	\$9,016.91	\$14,138.00	\$21,304.49	\$30,962.64	\$42,890.23	
Tax Loss Carry Forwards	\$3,959.73	-\$2,077.71	-\$6,707.11	-\$13,383.16	-\$22,492.33	-\$33,772.64	3
Tax Due On	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Tax	\$0.00	\$519.43	\$1,676.78	\$3,345.79	\$5,023.08	\$8,443.16	
Cash Flow After Tax	\$2,738.68	\$8,497.48	\$12,461.22	\$17,958.70	\$25,339.56	\$34,447.07	
Net Change in Working Capital	-\$3,455.90	-\$3,896.40	-\$4,035.26	-\$4,512.05	-\$5,600.86	-\$13,015.15	4
Sustaining Capital Reinvestment	\$36.97	\$36.97	\$73.94	\$73.94	\$73.94	\$73.94	
Less: Tax Shield Related Thereto:							
Sustaining Capital Reinvestment, Net of Related Tax Shield	\$213.03	\$213.03	\$426.06	\$426.06	\$426.06	\$426.06	
Cash Flow	-\$930.25	\$4,388.05	\$7,999.91	\$13,020.58	\$19,312.63	\$21,005.87	
Net Cash Flow	-\$930.25	\$4,388.05	\$7,999.91	\$13,020.58	\$19,312.63	\$21,005.87	
Discounted Cash Flow@13.2%	-\$874.30	\$3,642.92	\$5,866.55	\$8,434.27	\$11,050.39	\$10,616.85	
Discounted Cash Flow@11.3%	-\$881.63	\$3,735.33	\$6,116.68	\$8,941.97	\$11,912.87	\$11,638.26	
Add: Residual Value (Multiple x year 2021) and apply Discount Rate of 13.2%						\$97,657.75	
Add: Residual Value (Multiple x year 2021) and apply Discount Rate of 11.3%						\$107,053.04	
Total Discounted Cash Flow (High)						\$136,394.423	
Total Discounted Cash Flow (Low)						\$148,516.526	
Deduct: Outstanding Debt						-\$122,124.897	5
<b>Fair Market Value</b>						<b>\$30,330,000</b>	
Assumed Annual Sustaining Capital Reinvestment	250.00	250.00	500.00	500.00	500.00	500.00	
Discount Rate High - Note 6	13.2%		Tax Rate	25.00%			
Discount Rate Low - Note 6	11.3%						
Residual Multiple - Note 7	9.20						

**Notes**

- 1 Refer to Schedule 2.0 - Financial Projections.
- 2 Stock-based compensation is a non-cash expense and is added back.

3 Tax Loss Available	152,383	156,343	154,265	147,558	134,175	134,175
Net Earnings Before Tax	-3,960	2,078	6,707	13,383	22,492	33,773
Tax Loss Created (Used)	3,960	-2,078	-6,707	-13,383	-22,492	-33,773



**GLG Life Tech Corporation**  
**Discounted Cash Flow Method**  
**For the Period Ended December 31,**

Ending Tax Loss Available	156,343	154,265	147,558	134,175	111,683	100,402
4 Working Capital as a % of Revenues	15%	15%	15%	15%	15%	15%
Net Change in Working Capital	-33,455.90	-33,896.40	-34,035.26	-34,512.05	-35,600.86	-33,015.15
5 Outstanding Debt as at the Valuation Date (Including Accrued but Unpaid Interest)			122,124.897			
6 Discount Rate - Refer to Next Stage						
WACC - Low		=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)				
		11.33%				
WACC - High		=Cost of Debt (1-tax rate) (Debt /Total Capital) + Cost of Equity (Equity/Total Capital)				
		13.2%				
7 Multiple for Terminal Value						
Average WACC - Asset Specific		12.3%				
Long Term Growth		1.4%				
Cap Rate		10.9%				
Multiple for Terminal Value		9.20				

## GLG Life Tech Corporation

### Weighted Average Cost of Capital

Cost of Debt	8.41%
Corporate Tax Rate	25.00%

#### Cost of Equity

	<u>Low</u>	<u>High</u>
Long term government bond yields	2.31%	2.31%
Adjusted large cap equity risk premia	4.20%	4.20%
Small Cap Risk premia	3.50%	3.50%
Company Specific Risk Premia	3.00%	5.50%
	<u>13.01%</u>	<u>15.51%</u>

#### Total Debt to Equity

Debt	25%
Equity	75%

### Weighted Average Cost of Capital

WACC=Cost of Debt\*(1-t)\*(Debt /Total Capital) + Cost of Equity\* (Equity/Total Capital)

**WACC - Low 11.33%**

**WACC - High 13.21%**

## Cost of Debt and Weight of Debt Analysis

### Cost of Debt -December 31, 2016

Amount of Loan (RMB)	% of Debt	Interest Rate	
3,000,000	0.9%	7.71%	0.1%
28,000,000	8.5%	7.71%	0.7%
10,000,000	3.0%	7.13%	0.2%
9,780,000	3.0%	7.13%	0.2%
51,571,696	15.7%	6.48%	1.0%
80,000,000	24.4%	6.48%	1.6%
79,184,858	24.1%	11.97%	2.9%
17,457,477	5.3%	8.83%	0.5%
42,523	0.0%	8.83%	0.0%
6,900,000	2.1%	5.82%	0.1%
30,000,000	9.1%	9.09%	0.8%
12,489,025	3.8%	9.09%	0.3%
328,425,579	100.0%		<b>8.41%</b>

### Debt to Equity Ratios - January 31, 2017

Millions of US\$	Market Value of Equity	Debt	Weight of Debt
Hempco Food and Fiber Inc.	\$22.7	\$0.0	0.0%
Skypeople Fruit Juice Inc.	\$26.8	\$30.6	53.3%
MGP Ingredients Inc.	\$708.3	\$36.0	4.8%
Sunwin Stevia International Inc.	\$29.9	\$4.1	12.0%
Omega Protein Corporation	\$559.3	\$1.1	0.2%
PureCircle Limited	\$611.3	\$38.2	5.9%
		Average	12.7%
		Median	5.4%

**SCHEDULE "B"**  
**MANDATE OF THE BOARD OF DIRECTORS**  
**OF**  
**GLG LIFE TECH CORPORATION**

**GLG LIFE TECH CORPORATION**  
**(the “Company”)**

1. **ROLE AND RESPONSIBILITIES**

1.1 The Board of Directors (the “Board”) is responsible for the stewardship of the Company. This requires the Board to oversee the conduct of the business and supervise management, which is responsible for the day-to-day conduct of the business.

1.2 The Board is responsible for the adoption of a strategic planning process and the approval and review, at least annually in an all-day in person strategy session to review the Company’s strategic business plan proposed by management, including a statement of the vision, mission and values, and to adopt such a plan with such changes as the Board deems appropriate. The plan and discussion which takes into account, among other things, the opportunities and risks of the business must be presented to the Board no later than 4 months prior to the fiscal year end as to provide enough time for management to resubmit and review the plan and incorporate a budget that takes into account the strategic objectives of the Company.

1.3 The Board shall review and measure corporate performance against strategic plans, senior management objectives, financial plans and quarterly budgets.

1.4 The Board is responsible for the identification of the principal risks of the Company’s business and overseeing the implementation of appropriate systems to manage these risks.

1.5 The Board is responsible for succession planning, including appointing, training and monitoring senior management and, in particular, the CEO.

1.6 The Board is responsible for satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and the other senior officers create a culture of integrity throughout the Company.

1.7 The Board is responsible for the Company’s communication policies, which:

- (a) address how the Company interacts with analysts, investors, other key stakeholders and the public,
- (b) contain measures for the Company to comply with its continuous and timely disclosure obligations and to avoid selective disclosure, and
- (c) are reviewed at least annually.

1.8 The Board is responsible for the integrity of the Company’s internal control and management information systems.

1.9 The Board is responsible for acting in accordance with all applicable laws, the Company’s bylaws and the Company’s Director, Officer and Employee Code of Business Conduct and Ethics.

1.10 The Board and each individual director is responsible for acting in accordance with the obligations imposed by the *Business Corporations Act* (British Columbia). In exercising their powers and discharging their duties, each director shall:

- (a) act honestly and in good faith with a view to the best interests of the Company;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

- (c) exercise independent judgement regardless of the existence of relationships or interests which could interfere with the exercise of independent judgement; and
- (d)
  - (i) disclose to the Company, in writing or by having it entered in the minutes of meetings of directors, the nature and extent of any interest that the director has in a material contract or material transaction, whether made or proposed, with the Company if the director is a party to the contract or transaction, is a director or officer, or an individual acting in a similar capacity, of a party to the contract or transaction, or, has a material interest in a party to the contract or transaction; and
  - (ii) such director shall refrain from voting on any resolution to approve such contract or transaction unless it relates to the directors' remuneration in that capacity is for the directors' indemnity or insurance or is a contract or transaction with an affiliate.
- (e) Demonstrate a willingness to listen as well as to communicate their opinions, openly and in a respectful manner.

1.11 The Board has the authority to appoint a managing director or to establish committees and appoint directors to act as managing director or to be members of these committees. The Board may not delegate to such managing director or committees the power to:

- (a) submit to the shareholders any question or matter requiring the approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities, except as authorized by the directors;
- (d) issue shares of a series, except as authorized by the directors;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Company;
- (g) pay a commission to any person in consideration of his purchasing or agreeing to purchase shares of the Company from the Company or from any other person, or procuring or agreeing to procure purchasers for any such shares;
- (h) approve a management proxy circular, take-over bid circular or directors' circular;
- (i) approve financial statements to be put before an annual meeting of shareholders; and
- (j) adopt, amend or repeal bylaws.

1.12 The matters to be delegated to committees of the Board and the constitution of such committees are to be assessed annually or more frequently, as circumstances require. From time to time the Board may create an ad hoc committee to examine specific issues on behalf of the Board. The following are the current committees of the Board:

- (a) the Audit Committee, consisting of not less than three directors, each of whom must be an "unrelated or "independent" director under applicable securities laws and applicable stock exchange rules. The role of the Audit Committee is to provide oversight of the Company's financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies.

- (b) the Corporate Governance and Nominating Committee, consisting of not less than three directors, each of whom must be an “unrelated or “independent” director under applicable securities laws and applicable stock exchange rules. The role of the Corporate Governance and Nominating Committee is to:
  - (i) develop and monitor the effectiveness of the Company’s system of corporate governance;
  - (ii) establish procedures for the identification of new nominees to the Board and lead the candidate selection process;
  - (iii) develop and implement orientation procedures for new directors;
  - (iv) assess the effectiveness of directors, the Board and the various committees of the Board;
  - (v) ensure appropriate corporate governance and the proper delineation of the roles, duties and responsibilities of management, the Board, and its committees; and
  - (vi) assist the Board in setting the objectives for the CEO and evaluating CEO performance.
- (c) the Compensation Committee, consisting of not less than three directors, each of whom must be an “unrelated or “independent” director under applicable securities laws and applicable stock exchange rules. The role of the Compensation Committee is to:
  - (i) establish a remuneration and benefits plan for directors, senior management and other key employees;
  - (ii) review the adequacy and form of compensation of directors and senior management;
  - (iii) establish a plan of succession;
  - (iv) undertake the performance evaluation of the CEO in consultation with the Chair of the Board, if not the CEO; and
  - (v) make recommendations to the Board.

## 2. COMPOSITION

2.1 From time to time the Board or an appropriate committee of the Board shall review the size of the Board to ensure that the size facilitates effective decision-making.

2.2 The Board shall be composed of a majority of directors who qualify as “unrelated” or “independent” directors under applicable securities laws and applicable stock exchange rules. The determination of whether an individual director is unrelated or independent is the responsibility of the Board.

2.3 If at any time the Company has a significant shareholder, meaning a shareholder with the ability to exercise a majority of the votes for the election of the Board, the Board will include a number of directors who do not have interests in or relationships with either the Company or the significant shareholder and who fairly reflects the investment in the Company by shareholders other than the significant shareholder.

2.4 The Board should, as a whole, have the following competencies and skills:

- (a) knowledge of the Company’s industry;
- (b) knowledge of current corporate governance guidelines;

- (c) financial and accounting expertise.

### 3. PROCEDURES TO ENSURE EFFECTIVE OPERATION

3.1 The Board recognizes the importance of having procedures in place to ensure the effective and independent operation of the Board.

3.2 If the Chair of the Board is not a member of management, the Chair shall be responsible for overseeing that the Board discharges its responsibilities. If the Chair is a member of management, responsibility for overseeing that the Board discharges its responsibility shall be assigned to a non-management director.

3.3 The Board has complete access to the Company's management. The Board shall require timely and accurate reporting from management and shall regularly review the quality of management's reports.

3.4 An individual director may engage an external adviser at the expense of the Company in appropriate circumstances. Such engagement is subject to the approval of the Corporate Governance and Nominating Committee.

3.5 The Board shall provide an orientation and education program for new recruits to the Board as well as continuing education on topics relevant to all directors.

3.6 The Board shall institute procedures for receiving shareholder feedback.

3.7 The Board requires management to run the day-to-day operations of the Company, including internal controls and disclosure controls and procedures.

3.8 The non-management directors shall meet at least twice yearly without any member of management being present.

3.9 The Board sets appropriate limits on management's authority. Accordingly, the following decisions require the approval of the Board:

- (a) the approval of the annual and quarterly (unless delegated to the Audit Committee) financial statements;
- (b) the approval of the annual budget;
- (c) any equity or debt financing, other than debt incurred in the ordinary course of business such as trade payables;
- (d) entering into any license, strategic alliance, partnership or other agreement outside the ordinary course of business;
- (e) the acquisition and assignment of material assets (including intellectual property and fixed assets) outside of the ordinary course of business;
- (f) the commencement, termination or material amendment to any human clinical trial;
- (g) the creation of subsidiaries;
- (h) the creation of new Company bank accounts;
- (i) payment of dividends;
- (j) proxy solicitation material;



- (k) projected issuances of securities from treasury by the Company as well as any projected redemption of such securities;
- (l) any material change to the business of the Company;
- (m) the appointment of members on any committee of the Board;
- (n) capital expenditures in excess of CAD\$50,000 outside of the annual budget;
- (o) entering into any professional engagements where the fee is likely to exceed CAD\$50,000 outside of the annual budget.
- (p) entering into any arrangements with banks or other financial institutions relative to borrowing (either on a term or revolving basis) of amounts in excess of CAD\$100,000 outside the annual budget;
- (q) entering into any guarantee or other arrangement such that the Company is contingently bound financially or otherwise in excess of CAD\$50,000 other than product guarantees outside the annual budget;
- (r) the appointment or discharge of any senior officer of the Company;
- (s) entering into employment contracts with any senior officers;
- (t) initiating or defending any law suits or other legal actions; and

3.10 The Board, together with the CEO and with the assistance of the Corporate Governance and Nominating Committee, shall develop position descriptions for the CEO. The Board, together with the CEO, shall also approve or develop the corporate objectives that the CEO is responsible for meeting and the Board shall assess the CEO against these objectives.

## SCHEDULE “C”

### AUDIT COMMITTEE CHARTER GLG LIFE TECH CORPORATION (the “Company”)

The Audit Committee (the “Committee”) is a committee of the Board of Directors (the “Board”) of the Company. The role of the Committee is to provide oversight of the Company’s financial management and of the design and implementation of an effective system of internal financial controls as well as to review and report to the Board on the integrity of the financial statements of the Company, its subsidiaries and associated companies. This includes helping directors meet their responsibilities, facilitating better communication between directors and the external auditor, enhancing the independence of the external auditor, increasing the credibility and objectivity of financial reports and strengthening the role of the directors by facilitating in-depth discussions among directors, management and the external auditor. Management is responsible for establishing and maintaining those controls, procedures and processes and the Committee is appointed by the Board to review and monitor them. The Company’s external auditor is ultimately accountable to the Board and the Committee as representatives of the Company’s shareholders.

The Company shall provide appropriate funding, as determined by the Committee, to permit the Committee to perform its duties under this Charter, to compensate its advisors and to compensate any registered public accounting firm engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company. The Committee, at its discretion, has the authority to initiate investigations, and hire legal, accounting or other outside advisors or experts to assist the Committee, as it deems necessary to fulfill its duties under this Charter.

#### **Duties and Responsibilities of the Audit Committee**

##### *External Auditor*

- To be directly and solely responsible, subject to shareholder approval, for the appointment, compensation, retention and oversight of any independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) engaged by the Company for the purpose of preparing or issuing an audit report or related work, with each such auditor reporting directly to the Committee.
- To obtain and review annually a report from the independent auditor describing (i) the independent auditor’s internal quality-control procedures, (ii) any material issues raised by the most recent internal quality-control review or peer reviews or by any inquiry or investigation by governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the firm, and any steps taken to deal with such issues, and (iii) all relationships between the independent auditor and the Company.
- To review with the independent auditor any accounting adjustments that were noted or proposed by the independent auditor but that were “passed” (as immaterial or otherwise), and communications between the audit team and the independent auditor’s national office respecting auditing or accounting issues presented by the engagement, and any “management” or “internal control” letter or schedule of unadjusted differences issued, or proposed to be issued, by the independent auditor to the Company, or any other material written communication provided by the independent auditor to the Company’s management.
- To oversee the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the external auditor regarding financial reporting.

- To evaluate the audit services provided by the external auditor, pre-approve all audit fees and recommend to the Board, if necessary, the replacement of the external auditor.
- To pre-approve any non-audit services to be provided to the Company by the external auditor and the fees for those services.
- To review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company. The Committee has adopted the following guidelines regarding the hiring of any partner, employee, reviewing tax professional or other person providing audit assurance to the external auditor of the Company on any aspect of its certification of the Company's financial statements:
  - (a) No member of the audit team that is auditing a business of the Company can be hired into that business or into a position to which that business reports for a period of three years after the audit;
  - (b) No former partner or employee of the external auditor may be made an officer of the Company or any of its subsidiaries for three years following the end of the individual's association with the external auditor;
  - (c) The CFO must approve all office hires from the external auditor; and
  - (d) The CFO must report annually to the Committee on any hires within these guidelines during the preceding year.
- To ensure that the head audit partner assigned by the external auditor to the Company, as well as the audit partner charged with reviewing the audit of the Company, are changed at least every five years, to consider issues related to the timing of such rotation and the transition to new lead and reviewing partners, and to consider whether, in order to assure continuing auditor independence, there should be regular rotation of the audit firm, and report any conclusions on these issues to the Board.
- To review with the independent auditor the critical accounting policies and practices used by the Company, all alternative treatments of financial information within generally accepted accounting principles that the independent auditor has discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the independent auditor.
- To review, at least annually, the relationships between the Company and the external auditor in order to establish the independence of the external auditor.

*Financial Information and Reporting*

- To review the Company's annual audited financial statements with the CEO and CFO and then the full Board.
- To review the interim financial statements with the CEO and CFO.
- To review and discuss with management and the external auditor, as appropriate:
  - (a) The annual audited financial statements and the interim financial statements, including the accompanying management discussion and analysis; and,
  - (b) Earnings guidance and other releases containing information taken from the Company's financial statements prior to their release.

- To review the quality and not just the acceptability of the Company's financial reporting and accounting standards and principles and any proposed material changes to them or their application.
- To review with the CFO any earnings guidance to be issued by the Company and any news release containing financial information taken from the Company's financial statements prior to the release of the financial statements to the public. In addition, the CFO must review with the Committee the substance of any presentations to analysts or rating agencies that contain a change in strategy or outlook.

*Oversight*

- To review the internal audit staff functions, including:
  - (a) The purpose, authority and organizational reporting lines;
  - (b) The annual audit plan, budget and staffing; and
  - (c) The appointment and compensation of the controller, if any.
- To review with management its assessment of the effectiveness of and adequacy of the Company's internal control structure and procedures for financial reporting (the "Internal Controls"), review with the independent auditor the attestation to and report on the assessment made by management, and consider with management and the independent auditor whether any changes to the Internal Controls are appropriate in light of management's assessment or the independent auditor's attestation.
- To review and monitor the Company's major financial risks and risk management policies and the steps taken by management to mitigate those risks.
- To meet at least annually with management (including the CFO), the internal audit staff, and the external auditor in separate executive sessions and review issues and matters of concern respecting audits and financial reporting.
- To review with the CEO and CFO of the Company any report on significant deficiencies in the design or operation of the Internal Controls that could adversely affect the Company's ability to record, process, summarize or report financial data, any material weaknesses in Internal Controls identified to the auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's Internal Controls.
- To review and approve any related-party transactions, after reviewing each such transaction for potential conflicts of interest and other improprieties.
- To establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. To adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns.
- In connection with its review of the annual audited financial statements and interim financial statements, the Committee will also review the process for the CEO and CFO certifications (if required by law or regulation) with respect to the financial statements and the Company's disclosure and internal controls, including any material deficiencies or changes in those controls.

### **Membership**

- The Committee shall consist solely of three or more members of the Board, each of whom the Board has determined has no material relationship with the Company and is otherwise “unrelated” or “independent” as required under applicable securities rules or applicable stock exchange rules.
- Any member may be removed from office or replaced at any time by the Board and shall cease to be a member upon ceasing to be a director. Each member of the Committee shall hold office until the close of the next annual meeting of shareholders of the Company or until the member ceases to be a director, resigns or is replaced, whichever first occurs.
- The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine.
- All members of the Committee must be “financially literate” (i.e., have the ability to read and understand a set of financial statements such as a balance sheet, an income statement and a cash flow statement). In addition, if required by applicable additional securities regulators or stock exchange rules, at least one member of the Committee shall qualify as a “financial expert” within the meaning of such rules and regulations.

### **Procedures**

- The Board shall appoint one of the directors elected to the Committee as the Chair of the Committee (the “Chair”). In the absence of the appointed Chair from any meeting of the Committee, the members shall elect a Chair from those in attendance to act as Chair of the meeting.
- The Chair will appoint a secretary (the “Secretary”) who will keep minutes of all meetings. The Secretary does not have to be a member of the Committee or a director and can be changed by simple notice from the Chair.
- No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present or by resolution in writing signed by all the members of the Committee. A majority of the members of the Committee shall constitute a quorum, provided that if the number of members of the Committee is an even number, one-half of the number of members plus one shall constitute a quorum.
- The Committee will meet as many times as is necessary to carry out its responsibilities. Any member of the Committee or the external auditor may call meetings.
- The time and place of the meetings of the Committee, the calling of meetings and the procedure in all respects of such meetings shall be determined by the Committee, unless otherwise provided for in the bylaws of the Company or otherwise determined by resolution of the Board.
- The Committee shall have the resources and authority necessary to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms (including termination) of special counsel, advisors or other experts or consultants, as it deems appropriate.
- The Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee’s obligations and shall discuss with the CEO or the CFO such records and other matters considered appropriate.
- The Committee has the authority to communicate directly with the internal and external auditors.

**Policy for Reporting Violations and Complaints**

The Company's policy for reporting violations and complaints is attached as Annex A.

**Reports**

- The Committee shall produce the following reports and provide them to the Board:
  - (d) An annual performance evaluation of the Committee, which evaluation must compare the performance of the Committee with the requirements of this Charter. The performance evaluation should also recommend to the Board any improvements to this Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate. The report to the Board may take the form of an oral report by the Chair or any other member of the Committee designated by the Committee to make this report.
  - (c) A summary of the actions taken at each Committee meeting, which shall be presented to the Board at the next Board meeting.

**ANNEX A**

**GLG LIFE TECH CORPORATION  
POLICY FOR REPORTING VIOLATIONS AND COMPLAINTS**

**I. Introduction**

One of our Company's most valuable assets is its integrity. Protecting this asset is the job of everyone in the Company. We have established the GLG Life Tech Corporation Code of Ethics to help our employees understand and comply with the laws and regulations applicable to our business and to maintain the highest standards of ethical conduct. This policy is meant to supplement our Code of Ethics by encouraging employees to report any suspected violations or concerns as to compliance with laws, regulations, public disclosure requirements, our Code of Ethics or other Company policies, or any complaints or concerns regarding the Company's accounting, internal accounting controls, or auditing matters.

**II. Obligation to Report Suspected or Actual Violations; Anonymous Reporting**

**A. Reporting Generally**

It is every employee's obligation to report suspected or actual violations of laws, government rules and regulations, the Company's Code of Ethics or other Company policies. You should also report any suspected violations of the laws and rules that govern the reporting of the Company's financial performance, and any complaint or concern regarding the Company's accounting, internal accounting controls, public disclosure requirements, or auditing matters.

You may report any such matters directly to your supervisor or manager or by the procedures set forth below. As noted below, supervisors and managers are required to report to a Compliance Officer any time they receive a report of a concern about our compliance with laws, the Code of Ethics or other Company policy, any notice of any suspected wrong-doing by any Company employee, officer or director, or any complaint or concern about the Company's accounting, internal accounting controls, public disclosure or auditing matters. The Compliance Officers who should be notified are either of the following:

Brian Meadows  
President & Chief Financial Officer  
GLG Life Tech Corporation  
Suite 100 – 10271 Shellbridge Way  
Richmond, B.C., V6X 2W8  
Canada

Georald Ingborg  
Legal Counsel of the Company  
Fasken Martineau DuMoulin LLP  
#2900 – 550 Burrard Street  
Vancouver, B.C., V6C 0A3  
Canada

**B. Anonymous Reporting**

Alternatively, if you wish to report any such matters anonymously, you may do so by mailing a description of the suspected violation or other complaint or concern to the Company's Audit Committee at:

auditcom@glglifetech.com

### **III. Treatment and Retention of Complaints and Reports**

Each supervisor and manager shall report any suspected violation, concern or complaint reported to such person by employees or other sources to a Compliance Officer to assure proper treatment and retention of complaints, concerns or notices of potential violations. In addition, employees should take note that persons outside the Company may report complaints or concerns about suspected violations, or concerns regarding internal accounting controls, accounting or auditing matters. Any such concerns or complaints should be reported immediately on receipt to a Compliance Officer.

Supervisors and managers as well as the Compliance Officers shall promptly consider the information, reports or notices received by them under this policy or otherwise. The Compliance Officers shall take appropriate action, including investigation, if appropriate, in accordance with the law, governmental rules and regulations, the Company's Code of Ethics and otherwise consistent with good business practice.

Upon a report to a Compliance Officer, all notices or reports of suspected violations, complaints or concerns received pursuant to this policy shall be recorded in a log, indicating the description of the matter reported, the date of the report and the disposition thereof, and the log shall be retained for five years. The log shall be maintained by the Compliance Officers.

### **IV. Statement of Non-Retaliation**

It is a federal crime for anyone to retaliate intentionally against any person who provides truthful information to a law enforcement official concerning a possible violation of any federal law. Moreover, the Company will not permit any form of intimidation or retaliation by any officer, employee, contractor, subcontractor or agent of the Company against any employee because of any lawful act done by that employee to:

- provide information or assist in an investigation regarding any conduct which the employee reasonably believes constitutes a violation of laws, rules, regulations, the Company's Code of Ethics, or any Company policies; or
- file, testify, participate in, or otherwise assist in a proceeding relating to a violation of any law, rule or regulation.

Any such action is a violation of Company policy and should be reported immediately under this policy.

### **V. Statement of Confidentiality**

The Company will, to the extent reasonably possible, keep confidential both the information and concerns reported under this policy, and its discussions and actions in response to those reports and concerns. In the course of its investigation, however, the Company may find it necessary to share information with others on a "need to know" basis.