GLG

LEADING LIFE TECHNOLOGIES.
BETTER STEVIA, MONK FRUIT AND MORE.

GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three Months Ended March 31, 2017

Dated: May 12, 2017

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated May 12, 2017. It provides a review of the financial results for the three months ended March 31, 2017, compared to the same period in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation ("we," "us," "our," "GLG" or the "Company") together with GLG's subsidiaries in the People's Republic of China ("China") and other jurisdictions. As used herein, the word "Company" means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the "Exchange") under the symbol "GLG". Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the three months ended March 31, 2017, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2016. Additional information relating to GLG Life Tech Corporation including GLG's Annual Information Form can be found on GLG's web site at www.glglifetech.com or on the SEDAR web site for Canadian regulatory filings at www.sedar.com.

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

GLG has issued reports on certain non-IFRS measures that are used by management to evaluate the Company's performance. Because non-IFRS measures do not have a standardized meaning, securities regulations require that non-IFRS measures be clearly defined and qualified, and reconciled with their nearest IFRS measure. Where non-IFRS measures are reported, GLG has provided the definition and reconciliation to their nearest IFRS measure in section "NON-IFRS Financial Measures".

Forward-Looking Statements

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

While the Company has based these forward-looking statements on its current expectations about future events, the statements are not guarantees of the Company's future performance and are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Such factors include amongst others the effects of general economic conditions, consumer demand for our products and new orders from our customers and distributors, changing foreign exchange rates and actions by government authorities, uncertainties associated with legal proceedings and negotiations, industry supply levels, competitive pricing pressures and misjudgments in the course of preparing forward-looking statements. Specific reference is made to the risks described herein under the heading “Risks Related to the Company’s Business” and “Risks Associated with Doing Business in the People’s Republic of China” for a discussion of these and other sources of factors underlying forward-looking statements and to those additional risks set forth under the heading “Risk Factors” in the Company’s Annual Information Form for the financial year ended December 31, 2016. In light of these factors, the forward-looking events discussed in this MD&A might not occur.

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

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

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

Overview

We are a leading producer of high-quality stevia extract and high-quality monk fruit extract. While stevia has long been the foundation of our company, over the last three years we have been producing and 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. Our revenue presently derives primarily from the sale of high-grade stevia extract to the food and beverage industry; the expansion into monk fruit extracts represents an additional significant source of actual and potential revenues. Furthermore, we have expanded our product offerings and market opportunities through the supply of ingredients complementary to the natural high-intensity sweetener market under our Naturals+ product line.

We conduct our stevia and monk fruit development, refining, processing and manufacturing operations through our two wholly-owned subsidiaries in China. Our stevia operations in China include four processing factories, stevia growing areas across 10 growing regions, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf and 1,500 metric tons of high-purity Rebaudioside A extracts, and 130 metric tons of high-purity monk fruit extract.

Summary of Significant Accounting Policies

The Company’s significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management’s control. A summary of the Company’s significant accounting policies is included in Note 4 of the Company’s annual consolidated financial statements for the period ended December 31, 2016 (the “Financial Statements”).

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

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

Basis of Presentation

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

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

New Accounting Standards Issued But Not Yet Effective

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which covers principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. In September 2015, the IASB deferred the effective date of the standard to annual reporting periods beginning on or after January 1, 2018, with earlier application permitted. We are currently assessing the impact on our consolidated financial statements along with the planned timing of our adoption of IFRS 15.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied or is applied at the same date as IFRS 16. We are currently assessing the impact on our consolidated financial statements along with timing of our adoption of IFRS 16.

IFRS 9 Financial Instruments

IFRS 9 amends some of the requirements of IFRS 7 Financial Instruments: Disclosures, including added disclosures about investments in equity instruments measured at fair value in other comprehensive income, and guidance on financial liabilities and derecognition of financial instruments. The amended standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted.

Changes in Accounting Policies

Beginning on January 1, 2017, the Company adopted the amendments to IAS 12 Income Taxes, which provide clarification on the requirements relating to the recognition of deferred tax assets for unrealized losses on debt instruments measured at fair value. The adoption of the amendments to IAS 12 did not have a material impact on the consolidated financial statements.

Significant Accounting Estimates and Judgments

The Company makes certain estimates and judgments regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are available in the audited annual financial statements for the year ended December 31, 2016.

Corporate and Sales Developments

GLG Announces Debt Restructuring Proposal To Be Presented for Shareholder Approval

On April 25, 2017, the Company announced its upcoming Annual General and Special Meeting (the "Meeting") to be held on May 29, 2017, in Richmond, British Columbia, at which shareholders will be asked to vote on a major step in the Company's debt restructuring plans.

The Company's Board of Directors appointed an Independent Special Committee to oversee the debt restructuring process, which has led to a two-phase plan to eliminate over 80% of the Company's outstanding debt and interest. The process the Board utilized in developing its recommendation to shareholders for the restructuring of its China-based debt is described in the Management Proxy Circular.

At the Meeting, shareholders will be asked to vote on the first phase of the debt restructuring – a proposed related party transaction (the “Proposed Transaction”) that will significantly reduce the Company’s related party debt. The Proposed Transaction is a mandatory requirement for successful completion of the second phase of the restructuring – eliminating the Company’s debt owed to the Chinese banks and state owned capital management companies.

If approved by shareholders, the first phase of the debt restructuring will eliminate approximately $17.8 million in related party debt held by the Company’s Chairman and CEO and family members; in exchange they will receive minority equity ownership in GLG’s primary Chinese subsidiary (the “Subsidiary”). Once that step is complete, the Company expects to finalize the second phase of the debt restructuring. The second phase involves restructuring the debt owed to the China-based lenders; under the proposal, their debt holdings of $64.4 million, along with accrued interest and penalties of $19.6 million, will be eliminated in exchange for a proposed 25% stake in equity ownership in the Subsidiary.

Together, this two-phase debt restructuring plan would eliminate approximately $82.2 million in debt principal, have waived approximately $19.6 million in accrued interest and penalties, and save approximately $8 million in annual interest expenses. The Company expects to retain over 50% ownership and management control of the Subsidiary after these two phases of debt restructure are complete.

The Company encourages shareholders and interested investors to read the full transaction description available in the Company’s Management Proxy Circular, available at the Company’s website (www.glglifetech.com/investors) and on SEDAR.

Such substantial reduction in debt will greatly improve the Company’s balance sheet and its ability to generate new sources of working capital to fund sales expansion.

Results from Operations

The following results from operations have been derived from and should be read in conjunction with the Company's annual consolidated financial statements for 2016 and the condensed interim consolidated financial statements for the three-month period ended March 31, 2017.

In thousands Canadian $, except per share amounts	Quarter Ended March 31		% Change
	2017	2016	
Revenue	$6,251	$5,541	13%
Cost of Sales	($5,643)	($5,442)	4%
% of Revenue	(90%)	(98%)	8%
Gross Profit (Loss)	$608	$99	512%
% of Revenue	10%	2%	8%
Expenses	($2,329)	($3,098)	(25%)
% of Revenue	(37%)	(56%)	19%
(Loss) from Operations	($1,722)	($2,999)	(43%)
% of Revenue	(28%)	(54%)	27%
Other Expenses	($2,733)	($1,346)	103%
% of Revenue	(44%)	(24%)	(19%)
Net (Loss) before Income Taxes	($4,455)	($4,345)	3%
% of Revenue	(71%)	(78%)	7%
Net (Loss)	($4,455)	($4,345)	3%
% of Revenue	(71%)	(78%)	7%
Loss per share (LPS, Basic & Diluted)	($0.12)	($0.11)	3%
Other Comprehensive Income (Loss)	($167)	$623	(127%)
% of Revenue	(3%)	11%	(14%)
Total Comprehensive (Loss)	($4,622)	($3,722)	24%
% of Revenue	(74%)	(67%)	(7%)

Revenue

Revenue for the three months ended March 31, 2017, was $6.3 million compared to $5.5 million in revenue for the same period last year. This 13% increase in revenues was driven by an increase in international stevia sales of 104%, which was offset by a decrease in monk fruit sales of 74% and a decrease in China domestic stevia sales of 55%. International sales represented 94% of total sales, which is an increase of 9 percentage points over first quarter 2016 (85% of sales).

Cost of Sales

For the quarter ended March 31, 2017, the cost of sales was $5.6 million compared to $5.4 million in cost of sales for the same period last year ($0.2 million or 4% increase). Cost of sales as a percentage of revenues was 90% for the first quarter 2017, compared to 98% for the comparable period, an improvement of 8 percentage points.

The decrease in cost of sales as a percentage of revenue for the three months ended March 31, 2017, compared to the prior comparable period, was driven by improved monk fruit margins and lower capacity charges in the first quarter of 2017. Capacity charges were $0.4 million in the first quarter of 2017 compared to $0.7 million in the prior period. The lower capacity charges for the quarter were driven by a significant increase in international stevia deliveries. In Q1 2017, compared to the prior period, the Company more than doubled its international stevia delivery volumes.

Capacity charges charged to the cost of sales ordinarily would flow to inventory and are a significant component of the cost of sales. Only two of GLG's manufacturing facilities were operating during the first quarter of 2017, and capacity charges of $0.4 million were charged to cost of sales (representing 8% of cost of sales) compared to $0.7 million charged to cost of sales in the same period of 2016 (representing 13% of cost of sales).

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

1. Capacity utilization of stevia and monk fruit manufacturing plants.
2. The price paid for stevia leaf and monk fruit, and their respective quality which is impacted by crop quality for a particular year/period, and the price per kilogram for which the stevia and monk fruit extracts are sold. These are the most important factors that will impact the gross profit of GLG's stevia and monk fruit business.
3. Other factors which also impact stevia and monk fruit cost of sales to a lesser degree include:
   - water and power consumption;
   - manufacturing overhead used in the production of stevia and monk fruit extract, including supplies, power and water;
   - net VAT paid on export sales;
   - exchange rate changes; and
   - depreciation and capacity utilization of the extract processing plants.

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

Gross Profit (Loss)

Gross profit for the three months ended March 31, 2017, was $0.6 million, compared to $0.1 million for the comparable period in 2016. The gross profit margin was 10% in the first quarter 2017 compared to 2% for the same period in 2016, an 8 percentage point improvement.

This increase in gross profit for the first quarter of 2017, relative to the comparable period in 2016, was attributable to the significant growth (over 100% growth relative to first quarter 2016) in international stevia volumes. The increase in gross profit was also supported by decreased idle capacity charges in the first quarter of 2017, relative to the comparable period. Gross profit on international sales of high purity stevia were lower compared to the margins for same period in 2016; however, the significant increase in stevia volumes provided an increased gross profit contribution from international stevia sales compared to the prior period. Gross margins on monk fruit increased over the comparable period in 2016.

Selling, General, and Administration Expenses

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

In thousands Canadian $	Quarter Ended 2017	March 31 2016	% Change
G&A Exp	($1,752)	($2,393)	(27%)
Stock Based Compensation Exp	($167)	($289)	(42%)
Amortization Exp	($411)	($416)	(1%)
Total	($2,329)	($3,098)	(25%)

G&A expenses for the three months ended March 31, 2017, was $1.8 million compared to $2.4 million in the same period in 2016. The $0.6 million decrease in G&A expenses was due to decreases in (1) professional fees ($0.2 million), (2) research and development expenses ($0.1 million), (3) office expenses ($0.1 million) and (4) salary expenses ($0.2 million).

Stock-based compensation was $0.2 million for the three months ended March 31, 2017, compared with $0.3 million in the same quarter of 2016. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

G&A-related depreciation and amortization expenses for the three months ended March 31, 2017, were $0.4 million compared with $0.4 million for the same quarter of 2016.

Other Expenses

In thousands Canadian $	Quarter Ended 2017	March 31 2016	% Change
Other (Expenses)	($2,733)	($1,346)	103%
% of Revenue	(44%)	(24%)	(11%)

Other expenses for the three months ended March 31, 2017, was $2.7 million, a $1.4 million increase compared to $1.3 million for the same period in 2016. The increase in other expenses for the first quarter of 2017 of $1.4 million is attributable to decrease in (1) bad debt recovery ($0.5 million) and (2) foreign exchange gains ($0.9 million).

Foreign Exchange Gains (Losses)

Exchange Rates Noon Rate (as compared to the Canadian $)	2017 31-Mar	2016 31-Dec	2016 30-Sep	2016 30-Jun	2016 31-Mar	2015 31-Dec	2015 30-Sep	2015 30-Jun
U.S. Dollars	0.7506	0.7448	0.7624	0.7687	0.7710	0.7225	0.7466	0.8017
Chinese RMB	5.1706	5.1813	5.0839	5.1099	4.9727	4.6926	4.7461	4.9702

Exchange Rates Noon Rate (as compared to the US $)	2017 31-Mar	2016 31-Dec	2016 30-Sep	2016 30-Jun	2016 31-Mar	2015 31-Dec	2015 30-Sep	2015 30-Jun
Chinese RMB	6.8905	6.9437	6.6687	6.6443	6.44935	6.4952	6.3569	6.1998

GLG reports in Canadian dollars but earns revenues in US dollars and Chinese renminbi ("RMB") and incurs most of its expenses in RMB. Impacts of the appreciation or depreciation of the RMB against the Canadian dollar are shown separately in Accumulated Other Comprehensive Income ("AOCI") on the Balance Sheet. As at March 31, 2017, the exchange rate for RMB per Canadian dollar was 5.1706 compared to the exchange rate of 5.1813 as at December 31, 2016, reflecting an appreciation of the RMB against the Canadian dollar. As at March 31, 2017, the exchange rate for USD per Canadian dollar was 0.7506 compared to the exchange rate of 0.7448 as at December 31, 2016, reflecting a depreciation of the USD against the Canadian dollar. The balance of the AOCI was $13.0 million on March 31, 2017, compared to a balance of $13.2 million as at December 31, 2016.

The foreign exchange gain or loss is made up of realized and unrealized gains or losses due to the depreciation or appreciation of the foreign currency against the Canadian dollar. Foreign exchange loss was $0.0 million for the first quarter of 2017 compared to the foreign exchange gain of $0.9 million for the comparable period in 2016. The table above shows the change in the Canadian dollar relative to the US dollar from June 30, 2015, to March 31, 2017, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown above.

Net Loss Attributable to the Company

In thousands Canadian $	**Quarter Ended March 31** **2017**	 **2016**	**% Change**
Net (loss)	($4,455)	($4,345)	3%
% of Revenue	(71%)	(78%)	7%

For the three months ended March 31, 2017, the Company had a net loss attributable to the Company of $4.5 million, an increase of $0.1 million or 3% over the comparable period in 2016 ($4.3 million). The increased net loss was driven by an increase in other expenses of $1.4 million, which was offset by (1) an increase in gross profit of $0.5 million and (2) a decrease in selling, general and administrative expenses of $0.8 million.

Comprehensive Loss

In thousands Canadian $	Quarter Ended March 31		% Change
	2017	2016	
Net Loss	($4,455)	($4,345)	3%
Other Comprehensive Income (Loss)	($167)	$623	(127%)
% of Revenue	(3%)	11%	(14%)
Total Comprehensive Loss	($4,622)	($3,722)	24%

The Company recorded total comprehensive loss of $4.6 million for the three months ended March 31, 2017, comprising $4.4 million of net loss attributable to the Company and $0.2 million of other comprehensive loss. The Company recorded total comprehensive loss of $3.7 million for the three months ended March 31, 2016, comprising $4.3 million of net loss attributable to the Company and $0.6 million of other comprehensive income.

Summary of Quarterly Results

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

Quarterly Net Loss

In thousands Canadian $, except per share amounts	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2
Revenue	$6,251	$4,928	$4,155	$4,329	$5,541	$7,357	$8,808	$8,033
Gross Profit $	$608	($365)	($127)	$3	$99	$236	$109	$892
Gross Profit %	10%	(7%)	(3%)	0%	2%	3%	1%	11%
Net Loss	($4,455)	($10,148)	($5,291)	($4,021)	($4,345)	($11,580)	($5,850)	($3,514)
Basic Income (Loss) Per Share	($0.12)	($0.27)	($0.14)	($0.11)	($0.11)	($0.31)	($0.15)	($0.09)

For the three months ended March 31, 2017, the Company had a net loss of $4.4 million, an increase of $0.1 million or 3% over the comparable period in 2016 ($4.3 million). The $0.1 million increase in net loss was due to (1) an increase in other expenses ($1.4 million), mainly attributable to a $0.9 million increase in foreign exchange loss and a $0.5 million decrease in bad debt recovery, which was offset by (2) an increase in gross profit ($0.5 million) and (3) a decrease in G&A expenses ($0.8 million).

For the three months ended December 31, 2016, the Company had a net loss attributable to the Company of $10.1 million, a decrease of $1.4 million or a 12% improvement over the comparable period in 2015 ($11.6 million loss). The decrease in net loss was driven by (1) a decrease in other expenses of $1.3 million and (2) a decrease in SG&A expenses of $0.7 million, which were offset by (3) a decrease in gross profit $0.6 million.

For the three months ended September 30, 2016, the Company had a net loss of $5.3 million, a decrease of $0.6 million or 10% over the comparable period in 2015 ($5.9 million loss). The $0.6 million decrease in net loss was driven by (1) a decrease in other expenses ($0.8 million), which was offset by (2) a decrease in gross profit ($0.2 million) and (3) an increase in G&A expenses ($0.1 million).

For the three months ended June 30, 2016, the Company had a net loss of $4.0 million, an increase of $0.5 million or 14% over the comparable period in 2015 ($3.5 million loss). The increase in net loss was driven by (1) a decrease in gross profit ($0.9 million) and (2) an increase in G&A expenses ($0.2 million), which were offset by a decrease in other expenses ($0.6 million).

For the three months ended March 31, 2016, the Company had a net loss attributable to the Company of $4.3 million, a decrease of $0.5 million or a 9% improvement over the comparable period in 2015 ($4.8 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($1.3 million), which was offset by (2) an increase in SG&A expenses ($0.6 million) and (3) a decrease in gross profit ($0.2 million).

For the three months ended December 31, 2015, the Company had a net loss attributable to the Company of $11.6 million, a decrease of $8.8 million or a 43% improvement over the comparable period in 2014 ($20.4 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($10.1 million), which was offset by (2) an increase in SG&A expenses ($1.2 million) and (3) a decrease in income tax recovery ($0.1 million).

For the three months ended September 30, 2015, the Company had a net loss attributable to the Company of $5.9 million, a decrease of $0.9 million or a 14% improvement over the comparable period in 2014 ($6.8 million loss). The decrease in net loss was driven by (1) an increase in gross profit ($2.2 million), which was offset by (2) increased G&A expenses ($0.3 million) and (3) an increase in other expenses ($0.9 million).

For the three months ended June 30, 2015, the Company had a net loss attributable to the Company of $3.5 million, an increase of $0.7 million over the control comparable period in 2014 ($2.8 million loss). The increase in net loss was driven by (1) increased G&A expenses ($0.3 million) and (2) an increase in other expenses ($0.9 million), which was offset by (3) increased gross profit ($0.5 million).

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share from operations was $0.12 for the three months ended March 31, 2017, compared with a basic and diluted net loss of $0.11 for the comparable period in 2016. For the three months ended March 31, 2017, the Company had a net loss of $4.4 million, an increase of $0.1 million or a 3% increase over the comparable period in 2016 ($4.3 million). The $0.1 million increase in net loss was due to (1) an increase in other expenses ($1.4 million), mainly attributable to a $0.9 million increase in foreign exchange loss and a $0.5 million decrease in bad debt recovery, which was offset by (2) an increase in gross profit ($0.5 million) and (3) a decrease in G&A expenses ($0.8 million).

The basic loss and diluted loss per share from operations was $0.27 for the three months ended December 31, 2016, compared with a basic and diluted net loss from both continuing and discontinued operations of $0.31 for the same period in 2015. For the three months ended December 31, 2016, the Company had a net loss attributable to the Company of $10.1 million, a decrease of $1.4 million or a 12% improvement over the comparable period in 2015 ($11.6 million loss). The decrease in net loss was driven by (1) a decrease in other expenses of $1.3 million and (2) a decrease in SG&A expenses of $0.7 million, which were offset by (3) a decrease in gross profit $0.6 million.

The basic loss and diluted loss per share from operations was $0.14 for the three months ended September 30, 2016, compared with a basic and diluted net loss of $0.15 for the same period in 2015. For the three months ended September 30, 2016, the Company had a net loss of $5.3 million, a decrease of $0.5 million or 10% over the comparable period in 2015 ($5.8 million loss). The $0.5 million decrease in net loss was driven by (1) a decrease in other expenses ($0.8 million), which was offset by (2) a decrease in gross profit ($0.2 million) and (3) an increase in G&A expenses ($0.1 million).

The basic loss and diluted loss per share from operations was $0.11 for the three months ended June 30, 2016, compared with a basic and diluted net loss of $0.09 for the same period in 2015. For the three months ended June 30, 2016, the Company had a net loss of $4.0 million, an increase of $0.5 million or 14% over the comparable period in 2015 ($3.5 million loss). The increase in net loss was driven by (1) a decrease in gross profit ($0.9 million) and (2) an increase in G&A expenses ($0.2 million), which were offset by a decrease in other expenses ($0.6 million).

The basic loss and diluted loss per share from operations was $0.11 for the three months ended March 31, 2016, compared with a basic and diluted net loss from both continuing and discontinued operations of $0.13 for the same period in 2015. For the three months ended March 31, 2016, the Company had a net loss attributable to the Company of $4.3 million, a decrease of $0.5 million or a 9% improvement over the comparable period in 2015 ($4.8 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($1.3 million), which was offset by (2) an increase in SG&A expenses ($0.6 million) and (3) a decrease in gross profit ($0.2 million).

The basic loss and diluted loss per share from operations was $0.31 for the three months ended December 31, 2015, compared with a basic and diluted net loss from both continuing and discontinued operations of $0.60 for the same period in 2014. For the three months ended December 31, 2015, the Company had a net loss attributable to the Company of $11.2 million, a decrease of $9.2 million or a 45% improvement over the comparable period in 2014 ($20.4 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($10.1 million), which was offset by (2) an increase in SG&A expenses ($1.2 million) and (3) a decrease in income tax recovery ($0.1 million).

The basic loss and diluted loss per share was $0.15 for the third quarter of 2015 compared with a basic and diluted net loss of $0.20 for the comparable period in 2014. For the three months ended September 30, 2015, the Company had a net loss attributable to the Company of $5.9 million, a decrease of $0.9 million or a 14% improvement over the comparable period in 2014 ($6.8 million loss). The decrease in net loss was driven by (1) an increase in gross profit ($2.2 million), which was offset by (2) increased G&A expenses ($0.3 million) and (3) an increase in other expenses ($0.9 million).

The basic loss and diluted loss per share was $0.09 for the second quarter of 2015 compared with a basic and diluted net loss of $0.08 for the comparable period in 2014. For the three months ended June 30, 2015, the Company had a net loss attributable to the Company of $3.5 million, an increase of $0.7 million over the comparable period in 2014 ($2.8 million loss). The increase in net loss was driven by (1) increased G&A expenses ($0.3 million) and (2) an increase in other expenses ($0.9 million), which was offset by (3) increased gross profit ($0.5 million).

NON-GAAP Financial Measures

Gross Profit Before Capacity Charges

This non-GAAP financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation in the first quarter of 2017 and idle capacity charges have a material impact on the gross profit (loss) line in the financial statements.

Gross profit before capacity charges for the three months ended March 31, 2017, was $1.0 million or 17% of first quarter revenues, compared to $0.8 million or 14% of first quarter revenues in 2016. Gross profit before capacity charges increased from the comparable period due primarily to a significant increase in international stevia sales in the first quarter of 2017 and improved monk fruit margins.

Earnings Before Interest Taxes and Depreciation ("EBITDA") and EBITDA Margin

In thousands Canadian $	Quarter Ended March 31 2017	2016	% Change
Loss Before Income Taxes	($4,455)	($4,345)	3%
Add:			
Provisions for Inventories Impairment	($26)	$8	(437%)
Bad Debt (Recoveries for Receivables)	$4	($512)	(101%)
Provision for Prepaids	($20)	($35)	(43%)
Depreciation and Amortization	$1,228	$1,330	(8%)
Net Interest Expense	$2,712	$2,725	(%)
Foreign Exchange Gain & Loss	$27	($899)	(103%)
Non-Cash Share Compensation	$167	$289	(42%)
EBITDA	($362)	($1,439)	(75%)
EBITDA as a % of Revenue	(6%)	(26%)	20%

EBITDA for the three months ended March 31, 2017, was negative $0.4 million or negative 6% of revenues, compared to negative $1.4 million or negative 26% of revenues for the same period in 2016. EBITDA increased by $1.0 million or 20 percentage points for the three-month period ended March 31, 2017. The increase in EBITDA for the quarter is primarily attributable to higher gross profit on international stevia and monk fruit sales and a decrease in sales, general and administrative expenses.

Liquidity and Capital Resources

	31-Mar-17	31-Mar-16
Common Shares Issued	37,890,336	37,890,336
Reserved For Issuance	-	-
Warrants	-	-
Stock Options	3,090,222	3,094,222
Total Reserved For Issuance	3,090,222	3,094,222
Fully Diluted Shares	40,980,558	40,984,558

The Company continues to progress with the following measures to manage cash flow of the Company: paying down short-term loans, reducing accounts payable, negotiating with creditors for extended payment terms, working closely with the banks to restructure its loans, arranging financing with its Directors and other related parties, and reducing operating expenditures including general and administrative expenses and production-related expenses.

Total loans payable (both short-term and long-term) is $102.1 million as of March 31, 2017, an increase of $1.3 million compared to the total loans payable as at December 31, 2016 ($100.8 million). The increase in loans was primarily driven by an increase in accrued interest ($1.2 million as of March 31, 2017) and the depreciation of the USD against the Canadian dollar ($0.1 million).

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2017. In 2015, the Construction Bank of China successfully transferred GLG's debt to China Cinda Assets Management Co. and the Agricultural Bank of China successfully transferred GLG's debt to China Hua Rong Assets Management Co., each of which is a state-owned capital management company ("SOCMC"). The total of all China bank loans transferred to SOCMCs now account for approximately 74% of the Company's outstanding Chinese debt. The nature of the business of these SOCMCs differs from banks, in that they take a long-term outlook on management of debt. For example, instead of simply requiring loan principal and interest payments, the 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. This 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. These SOCMCs could also be a source of possible future capital.

The Company is still in discussions with these SOCMCs as to final terms – including interest rate and term of the debt – for the transferred debt. Until such terms are confirmed in a formal agreement, the terms of the original loan are represented in the financial statements. The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans.

The Company continues to work with the Chinese banks and SOCMCs on restructuring its debt. The *Corporate and Sales Developments* section above describes a two-phase debt restructure plan. The first phase will involve the conversion of related party debt into equity into one of the Company's subsidiaries. The second phase is expected to involve the conversion of bank/SOCMC debt into equity in that same subsidiary. Ultimately, this two-phase plan is designed to eliminate approximately $100 million in debt and accrued interest.

Cash Flows: Three Months Ended March 31, 2017 and 2016

Cash used in operating activities was $0.3 million in the three-month period ended March 31, 2017, compared to $1.3 million in the same period of 2016. Cash flow from operating activities improved by $1.0 million year-over-year. This was the result of cash flow from operating activities before the impact of non-cash working capital improving by $1.7 million and a $0.7 million decrease in cash generated by non-cash working capital in the three months ended March 31, 2017, relative to the comparative 2016 period. The $0.7 million decrease in non-cash working capital was due to increases in cash used in (1) inventory ($1.4 million), (2) tax recoverable ($0.4 million), (3) interest payable ($0.1 million) and (4) deferred revenue ($0.3 million), which were offset by an increase in cash generated in (5) accounts receivables ($0.3 million), (6) accounts payable and accruals ($0.7 million), (7) from due to related party (current) of ($0.3 million) and (8) prepaid expenses of ($0.2 million).

Cash used by investing activities was $0.1 million during the first quarter of 2017, related to the purchase of new equipment and paying down accounts payable, which was related to the purchase of fixed assets, compared to cash used by investing activities of $0.3 million in the same period in 2016.

Cash used from financing activities was $0.06 million in the first quarter of 2017 compared to $0.07 million in the same period in 2016. The $0.01 million decrease of cash used from financing was due to a decrease in interest paid of $0.01 million.

Financial Resources

Cash and cash equivalents decreased by $0.6 million during the three months ended March 31, 2017, from December 31, 2016. Working capital decreased by $2.6 million from the year-end 2016 position to negative $104.3 million. The working capital decrease is attributed to increases in (1) due to related parties ($0.2 million), which resulted from an increase of accrued interest of $0.3 million offset by a $0.1 million decrease caused by foreign exchange, (2) accounts payable balance ($0.8 million), (3) interest payable ($1.0 million), and (4) short-term loans ($0.1 million), resulting from appreciation of the RMB against the Canadian dollar and a decrease in (5) current assets ($0.8 million); these factors were partly offset by a decrease in deferred revenue ($0.3 million).

The Company has been working on improving its working capital deficiency situation, which was driven by the impairments to inventory, accounts receivable, sales taxes recoverable and prepaid expenses over the years 2011 - 2016 (these impairments totaled approximately $122 million as of December 31, 2016). See above section on Liquidity and Capital Resources for additional details on the Company’s debt restructuring initiative.

The Company’s working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia harvest in China (third and fourth quarter each year) and the production output along with the amount of sales conducted during the period. The value of raw material in inventory has historically been the highest in the fourth quarter due to the fact that the Company purchases leaf during the third and fourth quarter and monk fruit during the fourth quarter for the entire production year, which runs October through September each year. The Company’s principal working capital needs include accounts receivable, taxes receivable, inventory, prepaid expenses, other current assets, and accounts payable and interest payable.

Balance Sheet

As at March 31, 2017, in comparison to December 31, 2016, the total assets decreased by $1.6 million. This decrease was split between a decrease in current assets of $0.8 million and a decrease in fixed assets of $0.8 million.

The $0.8 million decrease in current assets was driven by decreases in (1) cash and cash equivalents ($0.6 million), (2) inventory ($0.1 million) and (3) sales taxes recoverable and prepaid expenses and other advances ($0.1 million).

The net decrease in the fixed assets of $0.8 million was due primarily to a decrease in amortization ($0.9 million), which was offset by appreciation of the RMB against the Canadian dollar ($0.1 million).

Current liabilities increased by $1.8 million as at March 31, 2017, in comparison to December 31, 2016. The $1.8 million increase was driven by increases in (1) interest payable ($1.1 million), (2) accounts payable ($0.7 million), (3) short-term loans ($0.1 million) caused by foreign exchange and (4) due to related party ($0.2 million), which were offset by (5) a decrease in deferred revenue ($0.3 million).

Long-term liabilities increased by $1.0 million. This increase was driven by an increase in accrued interest from related parties ($0.8 million) and an increase from depreciation of the USD to the Canadian dollar ($0.2 million).

Shareholders' deficiency increased by $4.4 million due to (1) an increase in deficit ($4.4 million) and (2) accumulated other comprehensive income of $0.2 million, which were offset by (3) an increase in share capital and contributed surplus ($0.2 million) from the vesting of restricted shares and stock options.

Short-Term Loans

The Company's short-term loans consisted of borrowings from various banks in China totaling $63,517,876 (2016 - $63,386,713) and loans from private lenders of $2,243,351 (2016 - 2,251,081), which were reclassified from long term loans in 2016 as follows:

Bank Loans as at March 31, 2017

	Loan amount in CAD		Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$	580,203	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
		5,415,232	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
		1,934,012	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
		1,891,463	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
		9,974,024	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
		15,472,084	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
		15,314,443	79,184,858	On Demand	11.97%	Bank of Communication
		3,376,296	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
		8,224	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
		1,334,468	6,900,000	July 26, 2017	5.82%	Huishang Bank
		5,802,035	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
		2,415,392	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$	63,517,876	328,425,578			

Bank Loans as at December 31, 2016:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 579,005	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,404,049	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	1,930,018	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	1,887,557	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	9,953,427	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,440,141	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,282,816	79,184,858	On Demand	11.97%	Bank of Communication
	3,369,324	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	8,207	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	1,331,712	6,900,000	July 26, 2017	5.82%	Huishang Bank
	5,790,053	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,410,404	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$ 63,386,713	328,425,578			

The assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these bank loans.

See the *Corporate and Sales Developments* section above regarding the Company's two-phase debt restructure plan, which is designed to eliminate over $100 million in debt and accrued interest.

Short-term Borrowing from Private Lenders:

December 31, 2015	$	2,407,268
Additions		-
Repayments		-
Foreign currency translation		(156,188)
December 31, 2016	$	2,251,081
Additions		-
Repayments		-
Foreign currency translation		(7,730)
March 31, 2017	$	2,243,351

This loan balance consists of two loans.

As of March 31, 2017, the first loan balance consists principal of $1,024,924 (2016 - $1,032,904) and accrued interest of $310,290 (2016 - $273,297), with interest at 11.50% per annum, compounding quarterly. The loan will be payable on October 31, 2017, and does not have any attached covenants.

The second loan consists of principal of $1,218,427 (2016 - $1,218,176) and accrued interest of $712,574 (2016 - $629,107), with interest at 20% per annum, compounding quarterly. The loan will be payable on October 20, 2017, and does not have any attached covenants. This loan provides a repayment option to the lender in either RMB or USD using a fixed foreign exchange rate of 6.1234. This option results in a liability of $34,028 (2016 - $33,506), which is accounted as liabilities on derivatives and included in unrealized foreign exchange losses. The fair value of the liability on derivatives was calculated using the Black-Scholes model with the following assumptions:

Risk free interest	1.13%
Expected life of the loan	3 years
Expected foreign currency volalitity	9.55%

Financial and Other Instruments

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

As at March 31, 2017, the Company recorded cash and cash equivalents at fair value. Recorded amounts for accounts receivable, accounts payable and accrued liabilities, short-term loans, interest payable, advances from customers, and due to related party approximate their fair values due to the short-term nature of these instruments.

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

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

The Company has a high concentration of credit risk as the accounts receivable was owed by fewer than ten customers. However, the Company believes that it does not require collateral to support the carrying value of these financial instruments. The carrying amount of financial assets represents the maximum credit exposure. The Company reviews financial assets, including past due accounts, on an ongoing basis with the objective of identifying potential events or circumstances which could delay or prevent the collection of funds on a timely basis. Based on default rates on customers with receivable balances at March 31, 2017, the Company believes that there are minimal requirements for an allowance for doubtful accounts against its accounts receivable.

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

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

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

See the Company's December 31, 2016, year-end consolidated financial statements (Note 23) for further information on its financial and other instruments.

Contractual Obligations

Operating Leases

The Company renewed two five - year operating leases with respect to land and production equipment at the Qingdao Runde factory in China. The leases expire on December 31, 2021. The annual minimum lease payments are approximately $96,000 (RMB 500,000).

The Company signed a twenty - year land rental agreement in Qingdao. The agreement was signed on February 16, 2005, and expires on Feb 16, 2025. The terms are as follows:

- In the first 5 years the rent expense is approximately $1,921 (10,000 CNY) per year
- In the second 5 years the rent expense is approximately $2,244 (11,680 CNY) per year
- In the third 5 years the rent expense is approximately $2,621 (13,642 CNY) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is approximately $3,061 (15,934 CNY) per year

With the same vendor, the Company also signed another rental agreement from Nov 8, 2006, to Nov 7, 2036. The annual rental expense is approximately $5,489 (28,576 CNY).

The Company's current office premises are leased under an eight-year agreement beginning August 1, 2016, and will expire on July 31, 2024. The lease payments for the quarter ended March 31, 2017, total $32,010 (2016 – $38,952).

The minimum cash payments related to the above are summarized below:		Amount
2017	$	272,133
2018		296,140
2019		328,150
2020		328,150
Thereafter		771,406
Total	$	1,995,979

Capital Structure

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

	31-Mar-17	31-Mar-16
Common Shares Issued	37,890,336	37,890,336
Reserved For Issuance	-	-
Warrants	-	-
Stock Options	3,090,222	3,094,222
Total Reserved For Issuance	3,090,222	3,094,222
Fully Diluted Shares	40,980,558	40,984,558

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Transactions with Related Parties

Transactions with Key Management Personnel

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

Remuneration of key management of the Company is comprised of the following expenses:

	Three months ended March 31			
		2017		2016
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$	217,496	$	239,298
Share-based benefits	$	163,472	$	277,576
Total remuneration	$	380,968	$	516,874

Certain executive officers are subject to termination benefits. Upon resignation at the Company's request or in the event of a change in control, they are entitled to termination benefits ranging from 24 to 36 months of gross salary, totaling approximately $1,700,000.

Key management did not exercise stock options granted under the Company's stock option plan during each three months ended March 31, 2017.

Amount Due to Related Parties

As of March 31, 2017, the Company has accrued $1,892,874 (2016 - $1,875,913) including 3% interest per annum in consulting fees to the Company's Chairman and Chief Executive Officer.

As of March 31, 2017, the Company has obtained loans under numerous credit facility agreements starting from April 2012 to November 2013 from the Company's Chairman and Chief Executive Officer that, along with accrued interest, total $26,315,936 (2016 - $25,282,811). The loan proceeds were used for corporate working capital purposes. Amended agreements specify that the loans are repayable within 72 months of the date of borrowing.

As of March 31, 2017, the Company has obtained a loan from a direct family member of the Company's Chairman and Chief Executive Officer that, along with accrued interest, totals $7,164,903 (2016 - $6,974,276) in order to provide working capital required for monk fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 20% per annum and repayable within 6 months to 36 months of the loan date, depending on the debt facility agreement.

The combined total of the above loans, including the accrued interest, is $33,480,839 (2016 - $32,257,088) of which $7,164,903 (2016 - 6,974,276) is in current liabilities. These loans will be repaid by either GLG or its Chinese subsidiaries to the Lender in the currency the loans were originally borrowed (either USD or RMB), or, at the Lender's discretion, in the alternate currency.

These loans provide a repayment option to the lender, in either RMB or USD using a fixed foreign exchange rate of 6.1234. This option results in a liability of $558,052 (2016 - $572,496), which is accounted as liabilities on derivatives and unrealized foreign exchange losses. The assumptions for the fair value determination of the liability are the same as those outlined in the Short-Term Loans section above.

See the *Corporate and Sales Development* section above regarding the Company's plan to restructure a portion of the related party debt.

Loan balance as of March 31, 2017

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 7,733,415	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,322,639	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	4,238,768	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	333,067	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	2,168,197	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
	2,483,561	October 15, 2015	On demand	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$ 18,279,647**					
Accrued interest	**15,201,192**					
	$ 33,480,839					

Loan balance as of December 31, 2016

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 7,739,070	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,333,013	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	4,244,192	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	335,661	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	2,175,438	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
	2,487,592	October 15, 2015	On demand	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$ 18,314,965**					
Accrued interest	**13,942,122**					
	$ 32,257,088					

Category 1: China 10 year benchmark government bond rate plus 1100 basis points
Category 2: US 10 year benchmark government bond rate plus 1100 basis points for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points for loans issued in RMB
Category 3: 20%

Subsidiaries

The followings are the subsidiaries of the Company:

	Jurisdiction of incorporation	Ownership Interest 2017	2016	Functional Currency
Subsidiaries				
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%	HKD
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%	RMB
Qingdao Runde Biotechnology Company Limited	China	100%	100%	RMB
GLG Life Tech US, Inc.	USA	100%	100%	USD
0833416 BC Limited (formerly "GLG Weider Sweet Naturals Corporation")	Canada	55%	55%	USD

Disclosure Controls and Internal Controls over Financial Reporting

The Company's disclosure controls and procedures are designed to provide reasonable assurance that relevant information relating to the Company, including its consolidated subsidiaries, is made known to senior management in a timely manner so that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation. As of the end of the period covered by this report, the Company's management evaluated, under the direction and supervision of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim filings ("NI 52-109"). The Company's Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2017, the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed in reports the Company files or submits to the Canadian Securities Administrators ("CSA") is recorded, processed, summarized and reported within the time periods specified therein and accumulated and reported to management to allow timely discussions regarding required disclosure.

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

Management assessed the effectiveness of the Company's internal control over financial reporting, as defined in NI 52-109, as of March 31, 2017. In making this assessment, management used the criteria set forth in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, the Company's Chief Executive Officer and Chief Financial Officer have concluded that as of March 31, 2017, the Company's internal control over financial reporting were effective.

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

Risks Related to the Company's Business

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

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

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

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

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

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

- Political System in the People’s Republic of China

Additional Information

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