GLG

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

GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2017

Dated: August 14, 2017

Management’s Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) of GLG Life Tech Corporation is dated August 14, 2017. It provides a review of the financial results for the three and six months ended June 30, 2017, compared to the same periods in the prior year.

This MD&A relates to the consolidated financial condition and results of operations of GLG Life Tech Corporation (“we,” “us,” “our,” “GLG” or the “Company”) together with GLG’s subsidiaries in the People’s Republic of China (“China”) and other jurisdictions. As used herein, the word “Company” means, as the context requires, GLG and its subsidiaries. The common shares of GLG are listed on the Toronto Stock Exchange (the “Exchange”) under the symbol “GLG”. Except where otherwise indicated, all financial information reflected herein is expressed in Canadian dollars and determined on the basis of International Financial Reporting Standards (“IFRS”). This MD&A should be read in conjunction with the condensed interim consolidated financial statements and notes thereto for the six months ended June 30, 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 two 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 five wholly-owned subsidiaries in China. Our stevia operations in China include four processing factories, stevia growing areas across 10 growing regions, and four research and development centers engaged in the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual throughput of 41,000 metric tons of stevia leaf and 1,500 metric tons of 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 Shareholder Approval of its Debt Restructuring Proposal

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

The Company's Board of Directors had appointed an Independent Special Committee to oversee the debt restructuring process, which 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 Meeting Circular.

As part of the Special Shareholder Meeting, shareholders were asked to vote on the first phase of this two-phase plan. The first phase is a related party transaction (the "Transaction") to eliminate the Company's related party Chinese debt held by the Company's Chairman and CEO and family members; in exchange, the related parties receive minority equity ownership in GLG's primary Chinese subsidiary (the "Subsidiary"). As a related party transaction, under TSX rules, the Company was required to obtain majority shareholder approval from disinterested shareholders.

On May 29, 2017, the Company reported that the shareholders had approved the Transaction. Of the eligible votes cast, 18,037,225 eligible voting shares, representing 99.64% of the eligible votes cast, voted in favor of the Transaction. The Company has since fully executed the Transaction.

Completing this Transaction was not only important for reducing the Company's related party debt; more significantly, it is a prerequisite of the Chinese bank debtholders to proceed with the second phase of the debt restructuring plan. As President and CFO Brian Meadows commented after the meeting: "We are pleased to have the required approval to complete this first phase of our debt restructuring plan. We will now turn our attention to completing the second phase, whereby we expect to eliminate the substantial debts held by Chinese banks and state-owned capital management companies. As our Board's Independent Special Committee concluded, we view this restructuring plan as very beneficial for our shareholders and for our Company's plans for growth." 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, once the second phase is agreed to by all parties and completed, the restructuring plan will have eliminated approximately $80 million in debt principal, have waived approximately $20 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 aims to complete this second phase in Q3 or Q4 2017.

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.

GLG Announces Re-Election of Board of Directors

Concurrent with the May 29, 2017, transaction approval announcement, the Company also announced that the shareholders voted in all nominated directors, with favorable votes for each exceeding 99.9%. Dr. Luke Zhang continues as Chairman of the Board and Chief Executive Officer and Brian Palmieri continues as Vice Chairman of the Board.

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 six-month period ended June 30, 2017.

In thousands Canadian $, except per share amounts	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2017	2016		2017	2016	
Revenue	$6,387	$4,329	48%	$12,638	$9,870	28%
Cost of Sales	($5,812)	($4,326)	34%	($11,454)	($9,767)	17%
% of Revenue	(91%)	(100%)	9%	(91%)	(99%)	8%
Gross Profit (Loss)	$575	$3	17392%	$1,183	$103	1054%
% of Revenue	9%	0%	9%	9%	1%	8%
Expenses	($2,349)	($2,860)	(18%)	($4,678)	($5,958)	(21%)
% of Revenue	(37%)	(66%)	29%	(37%)	(60%)	23%
(Loss) from Operations	($1,774)	($2,857)	(38%)	($3,495)	($5,855)	(40%)
% of Revenue	(28%)	(66%)	38%	(28%)	(59%)	32%
Other Expenses	($2,188)	($1,164)	88%	($4,921)	($2,511)	96%
% of Revenue	(34%)	(27%)	(7%)	(39%)	(25%)	(14%)
Net (Loss) before Income Taxes	($3,961)	($4,021)	(1%)	($8,416)	($8,366)	1%
% of Revenue	(62%)	(93%)	31%	(67%)	(85%)	18%
Net (Loss)	($3,961)	($4,021)	(1%)	($8,416)	($8,366)	1%
% of Revenue	(62%)	(93%)	31%	(67%)	(85%)	18%
Net (Loss) Attributable to Non-Controlling Interest (NCI)	($94)	N/A	N/A	($94)	N/A	N/A
Net (Loss) Attributable to GLG	($3,867)	($4,021)	(4%)	($8,322)	($8,366)	(1%)
% of Revenue	(61%)	(93%)	32%	(66%)	(85%)	19%
Loss per share (LPS, Basic & Diluted)	($0.10)	($0.11)	(4%)	($0.22)	($0.22)	(1%)
Other Comprehensive Income (Loss)	$119	$623	(81%)	($48)	$1,039	(105%)
% of Revenue	2%	14%	(13%)	(%)	11%	(11%)
Other Comprehensive Income (Loss) to NCI	($11)	N/A	N/A	($11)	N/A	N/A
Other Comprehensive Income (Loss) to GLG	$130	$623	(79%)	($37)	$1,039	(104%)
% of Revenue	2%	14%	(12%)	(%)	11%	(11%)
Comprehensive Income (Loss)	($3,842)	($3,398)	13%	($8,464)	($7,327)	16%
Comprehensive Income (Loss) Attributable to NCI	($105)	N/A	N/A	($105)	N/A	N/A
Comprehensive Income (Loss) Attributable to GLG	($3,737)	($3,398)	10%	($8,359)	($7,327)	14%
% of Revenue	(59%)	(78%)	19%	(66%)	(74%)	8%

Revenue

Revenue for the three months ended June 30, 2017, was $6.4 million compared to $4.3 million in revenue for the same period last year, an increase of 48%. International stevia sales volumes doubled over the same period in the previous year. This result continues to show the positive impact of GLG's global stevia distribution partner – Archer Daniels Midland Company's ("ADM") – success in the marketplace. Sales revenue for international stevia rose to $5.8 million in the second quarter compared to $3.7 million in the prior period or an increase of 55%. Sales increases reflected continued growth in both sales to new customers and sales of new products to existing customers. International stevia sales represented 93% of all stevia sales.

Offsetting the increased international stevia sales was lower monk fruit sales, which decreased for the quarter by 57% over the same period last year. The decrease in monk fruit sales reflects lower prices for monk fruit extracts (a 7% lower average sales price compared to the second quarter in 2016). The volumes for monk fruit in the second quarter were also lower compared to the second quarter 2016. Our expectation is that there is a lower volume of monk fruit being purchased generally in the market compared to the previous two years. Even with lower market pricing, the cost of monk fruit extract is significantly higher – approximately 250% higher – than stevia.

Revenue for the six months ended June 30, 2017, was $12.6 million, an increase of 28% compared to $9.9 million in revenue for the same period last year. International stevia sales volumes doubled over the same six-month period in the previous year. This result continues to show the positive impact of GLG's global stevia distribution partner ADM's success in the marketplace. Sales revenue for international stevia rose to $11.1 million for the first six months in 2017 compared to $6.3 million in the same prior year period or an increase of 74%. Sales increases reflected continued growth in both sales to new customers and sales of new products to existing customers. International sales accounted for 93% of total sales in the first six months of 2017 compared to 88% in the comparable period of 2016.

Offsetting the increased international stevia sales was lower monk fruit sales which decreased for the six month period by 72% over the same period last year. The decrease in monk fruit sales reflects significantly lower prices for monk fruit extracts (a 7% lower average sales price compared to the six months in 2016). The volumes for monk fruit in the six month period in 2017 were also lower by 70% compared to the six months in 2016. Our expectation is that there is a lower volume of monk fruit being purchased generally in the market compared to the previous two years. Even with lower market pricing, the cost of monk fruit extract is significantly higher – approximately 250% higher – than stevia.

Cost of Sales

For the quarter ended June 30, 2017, the cost of sales was $5.8 million compared to $4.3 million in cost of sales for the same period last year (an increase of $1.5 million or 34%). Cost of sales as a percentage of revenues was 91% for the second quarter 2017, compared to 100% for the comparable period (an improvement of 9 percentage points). Cost of sales as a percentage of revenues for the second quarter, relative to the same period in 2016, improved significantly for monk fruit; idle capacity charges were also lower for the quarter compared to the prior period.

For the six months ended June 30, 2017, the cost of sales was $11.5 million compared to $9.8 million for the same period of last year (an increase of $1.7 million or 17%). Cost of sales as a percentage of revenues was 91% for the first six months 2017, compared to 99% in the comparable period in 2016 (an improvement of 8% percentage points). The 8 percentage point improvement in cost of sales as a percentage of revenues for the first six months of the year, relative to the same period in 2016, was driven by two factors: (1) a significant decrease in the cost of monk fruit extract and (2) lower idle capacity charges (a 32% improvement).

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 six months of 2017, and idle capacity charges of $1.0 million were charged to cost of sales (representing 9% of cost of sales) compared to $1.5 million charged to cost of sales in same period of 2016 (representing 16% 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 are 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 impacting 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.

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

Gross profit for the three months ended June 30, 2017, was $0.6 million, compared to nil for the comparable period in 2016. The gross profit margin was 9% in the second quarter 2017 and 0% for the same period in 2016. The increase in gross profit for the second quarter of 2017, relative to the comparable period in 2016, is attributable to: (1) a 55% increase in international stevia sales and (2) decreased idle capacity charges in the second quarter of 2017 compared to the same quarter of 2016.

Gross profit for the first six months in 2017 was $1.2 million, compared to $0.1 million for the comparable period in 2016 or a 1000% increase. The increase in gross profit for the six months ended June 30, 2017, relative to the comparable period in 2016, is attributable to: (1) a 74% increase in international stevia sales and (2) decreased idle capacity charges in the second quarter of 2017 compared to the same quarter of 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 $	3 Months Ended June 30 2017	2016	% Change	6 Months Ended June 30 2017	2016	% Change
G&A Exp	$1,805	$2,216	(19%)	$3,556	$4,609	(23%)
Stock Based Compensation Exp	$162	$256	(37%)	$329	$545	(40%)
Amortization Exp	$382	$388	(2%)	$793	$805	(1%)
Total	$2,349	$2,860	(18%)	$4,678	$5,958	(21%)

SG&A expenses for the three months ended June 30, 2017, was $2.3 million compared to $2.8 million in the same period in 2016 ($0.5 million decrease) or an 18% reduction.

SG&A expenses excluding stock based compensation and amortization expenses (non-cash items) decreased by $0.4 million to $1.8 million for the three months ended June 30, 2017 ($2.2 million for the three months ended

June 30, 2016). The main reductions were in salary and wages ($0.1 million) and (2) professional fees ($0.2 million).

Stock-based compensation was $0.2 million for the three months ended June 30, 2017, compared to $0.3 million in the comparable period in 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.

SG&A-related depreciation and amortization expenses for the three months ended June 30, 2017, were $0.4 million compared with $0.4 million for the same quarter of 2016.

SG&A expenses for the first six months ended June 30, 2017, was $4.7 million compared to $6.0 million in the same period in 2016 or a 21% reduction.

SG&A expenses excluding stock based compensation and amortization expenses (non-cash items) decreased by $1.0 million to $3.6 million for the six months ended June 30, 2017 ($4.6 million six months ended June 30, 2016). The main reductions were in (1) salary and wages ($0.3 million), (2) professional fees ($0.4 million) and (3) office expenses ($0.2 million).

Stock-based compensation was $0.3 million for the six months ended June 30, 2017, compared with $0.5 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 period, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

SG&A-related depreciation and amortization expenses for the six months ended June 30, 2017, were $0.8 million compared with $0.8 million for the same period of 2016.

Other Expenses

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2017	2016		2017	2016	
Other (Expenses)	($2,188)	($1,164)	88%	($4,921)	($2,511)	96%
% of Revenue	(34%)	(27%)	(7%)	(39%)	(25%)	(14%)

Other expenses for the three months ended June 30, 2017, was $2.2 million, a $1.0 million increase compared to $1.2 million for the same period in 2016. The increase in other expenses for the second quarter of 2017 of $1.0 million is attributable to (1) a decrease in other income ($1.1 million) and (2) an increase in interest expenses ($0.3 million), which were offset by (3) an increase in foreign exchange gains ($0.2 million) and (4) a recovery against inventory impairments ($0.2 million).

Other expenses for the six months ended June 30, 2017, was $4.9 million, a $2.4 million increase compared to $2.5 million for the same period in 2016. The increase in other expenses for the six months ended June 30, 2017, of $2.4 million is attributable to (1) a decrease in other income ($1.0 million), (2) an increase in interest expenses ($0.3 million), (3) a decrease in foreign exchange gains ($0.8 million) and (4) a reduction in recoveries from bad debt expenses ($0.5 million), which were offset by (5) a recovery against inventory impairments ($0.2 million).

Foreign Exchange Gains (Losses)

Exchange rates	2017	2017	2016	2016	2016	2016	2015	2015	2015
Noon rate (as compared to the Canadian $)	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
U.S. Dollars	0.7706	0.7506	0.7448	0.7624	0.7687	0.7710	0.7225	0.7466	0.8017
Chinese RMB	5.2247	5.1706	5.1813	5.0839	5.1099	4.9727	4.6926	4.7461	4.9702
Exchange rates	2017	2017	2016	2016	2016	2016	2015	2015	2015
Noon rate (as compared to the US $)	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Chinese RMB	6.7769	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 June 30, 2017, the exchange rate for RMB per Canadian dollar was 5.2247 compared to the exchange rate of 5.1813 as at December 31, 2016, reflecting a depreciation of the RMB against the Canadian dollar. As at June 30, 2017, the exchange rate for USD per Canadian dollar was 0.7706 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 $11.4 million on June 30, 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 gain was $0.3 million for the second quarter of 2017 compared to the foreign exchange gain of $0.1 million for the comparable period in 2016. Foreign exchange gain was $0.3 million for the six-month period in 2017 compared to the foreign exchange gain of $1.0 million for the comparable period in 2016. The majority of the foreign exchange gains were due to the USD-denominated debt held by the Company. The table above shows the change in the Canadian dollar relative to the US dollar from June 30, 2015, to June 30, 2017, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown above.

Net Loss

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2017	2016		2017	2016	
Net Loss	($3,961)	($4,021)	(1%)	($8,416)	($8,366)	1%
Net Loss Attributable to NCI	($94)	N/A	N/A	($94)	N/A	N/A
% of Revenue	(1%)	N/A	N/A	(1%)	N/A	N/A
Net Loss Attributable to GLG	($3,867)	($4,021)	(4%)	($8,322)	($8,366)	(1%)
% of Revenue	(61%)	(93%)	32%	(66%)	(85%)	19%

For the three months ended June 30, 2017, the Company had a net loss of $3.9 million, a decrease of $0.1 million or a 4% improvement over the comparable period in 2016 ($4.0 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($0.6 million), (2) a decrease in SG&A expenses ($0.5 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($1.0 million).

For the six months ended June 30, 2017, the Company had a net loss of $8.3 million, a decrease of $0.1 million or a 1% improvement over the comparable period in 2016 ($8.4 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($1.1 million), (2) a decrease in SG&A expenses ($1.3 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($2.4 million).

Comprehensive Loss

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2017	2016		2017	2016	
Net Loss Attributable to GLG	($3,867)	($4,021)	(4%)	($8,322)	($8,366)	(1%)
Other Comprehensive Income (Loss)	$119	$623	(81%)	($48)	$1,039	(105%)
Other Comprehensive Income (Loss) Attributable to NCI	($11)	N/A	N/A	($11)	N/A	N/A
Other Comprehensive Income (Loss) Attributable to GLG	$130	$623	(79%)	($37)	$1,039	(104%)
Total Comprehensive Income (Loss)	($3,748)	($3,398)	10%	($8,370)	($7,327)	14%
Comprehensive Income (Loss) Attributable to NCI	($105)	N/A	N/A	($105)	N/A	N/A
Comprehensive Income (Loss) Attributable to GLG	($3,643)	($3,398)	7%	($8,265)	($7,327)	13%
% of Revenue	(57%)	(78%)	21%	(65%)	(74%)	9%

The Company recorded total comprehensive loss of $3.7 million for the three months ended June 30, 2017, comprising $3.9 million of net loss and $0.1 million of other comprehensive income. The Company recorded total comprehensive loss of $3.4 million for the three months ended June 30, 2016, comprising $4.0 million of net loss and $0.6 million of other comprehensive income.

The Company recorded total comprehensive loss of $8.4 million for the six months ended June 30, 2017, comprising $8.3 million of net loss and $0.1 million of other comprehensive loss. The Company recorded total comprehensive loss of $7.3 million for the six months ended June 30, 2016, comprising $8.3 million of net loss and $1.0 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 Q2	2017 Q1	2016 Q4	2016 Q3	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Revenue	$6,387	$6,251	$4,928	$4,155	$4,329	$5,541	$7,357	$8,808
Gross Profit $	$575	$608	($365)	($127)	$3	$99	$236	$109
Gross Profit %	9%	10%	(7%)	(3%)	0%	2%	3%	1%
Net Income (Loss) Attributable to GLG	($3,867)	($4,455)	($10,148)	($5,291)	($4,021)	($4,345)	($11,580)	($5,850)
Basic Income (Loss) Per Share	($0.10)	($0.12)	($0.27)	($0.14)	($0.11)	($0.11)	($0.31)	($0.15)

For the three months ended June 30, 2017, the Company had a net loss of $3.9 million, a decrease of $0.1 million or an 4% improvement over the comparable period in 2016 ($4.0 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($0.6 million), (2) a decrease in SG&A expenses ($0.5 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($1.0 million).

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 SG&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 SG&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 SG&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 SG&A expenses ($0.3 million) and (3) an increase in other expenses ($0.9 million).

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share from operations was $0.10 for the three months ended June 30, 2017, compared with a basic and diluted net loss of $0.11 for the same period in 2016. For the three months ended June 30, 2017, the Company had a net loss of $3.9 million, a decrease of $0.1 million or an 4% improvement over the comparable period in 2016 ($4.0 million loss). The $0.1 million decrease in net loss was driven by (1) an increase in gross profit ($0.6 million), (2) a decrease in SG&A expenses ($0.5 million) and (3) $0.1 million of net loss attributable to the non-controlling interest, which were offset by (4) an increase in other expenses ($1.0 million).

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 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 SG&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 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 $0.6 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 SG&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 SG&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 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 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 $11.6 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).

The basic loss and diluted loss per share was $0.15 for the three months ended September 30, 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 SG&A expenses ($0.3 million) and (3) an increase in other expenses ($0.9 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 for the first six months 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 June 30, 2017, was $1.2 million or 18% of second quarter revenues compared to $0.9 million or 20% of second quarter revenues in 2016.

Gross profit before capacity charges for the six months ended June 30, 2017, was $2.2 million or 18% of six-month revenues compared to $1.6 million or 17% of six-month revenues in 2016.

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

In thousands Canadian $	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2017	2016		2017	2016	
Loss Before Income Taxes	($3,961)	($4,021)	(1%)	($8,416)	($8,366)	1%
Add:						
Provisions for Inventories Impairment	($151)	$2	(6906%)	($177)	$10	(1859%)
Bad Debt (Recoveries for Receivables)	($4)	($15)	(77%)	$0	($527)	(100%)
Provision for Prepaids	$0	$8	(100%)	($20)	($26)	(25%)
Depreciation and Amortization	$1,135	$1,380	(18%)	$2,364	$2,710	(13%)
Loss on disposal of property, plant & equipment	$0	$7	(100%)	$0	$7	(100%)
Net Interest Expense	$2,684	$2,399	12%	$5,396	$5,125	5%
Foreign Exchange Gain & Loss	($319)	($146)	119%	($291)	($1,045)	(72%)
Non-Cash Share Compensation	$162	$256	(37%)	$329	$545	(40%)
EBITDA	($453)	($129)	250%	($815)	($1,568)	(48%)
EBITDA as a % of Revenue	(7%)	(3%)	(4%)	(6%)	(16%)	9%

EBITDA for the three months ended June 30, 2017, was negative $0.5 million or negative 7% of revenues, compared to negative $0.1 million or negative 3% of revenues for the same period in 2016. The 2016 EBITDA margin was impacted by the one-time increase of $1.0 million in other income received in the second quarter of 2016. Removing this impact on Q2 2016 would have resulted in EBITDA of negative $1.1 million and EBITDA margin of negative 28% compared to negative $0.5 million EBITDA and negative 7% EBITDA margin for the second quarter of 2017 ($0.6 million improvement). This improved Q2 2017 EBITDA margin is attributable to the higher gross margin achieved in the second quarter 2017 ($0.6 million) compared to the second quarter 2016 ($0.0 million) and the reduction in non-cash G&A expenses achieved in the second quarter of 2017 compared to the same period in 2016 ($0.4 million reduction).

EBITDA for the six months ended June 30, 2017, was negative $0.8 million or negative 6% of revenues, compared to negative $1.6 million or negative 16% of revenues for the same period in 2016. The 2016 EBITDA margin was impacted by the one-time increase of $1.0 million in other income received in the second quarter of 2016. Removing this impact on the first six months of 2016 would have resulted in EBITDA of negative $2.6 million and EBITDA margin of negative 26% compared to negative $0.8 million EBITDA and negative 6% EBITDA margin for the six months ended June 30, 2017 ($1.8 million improvement). This improved 2017 EBITDA margin is attributable to the higher gross margin achieved in the first six months of 2017 ($1.1 million) compared to the same period in 2016 ($0.1 million) and the reduction in non-cash G&A expenses achieved in the first six months of 2017 compared to the same period in 2016 ($1.1 million reduction).

Liquidity and Capital Resources

In thousands Canadian $	30-Jun-17	31-Dec-16
Cash and Cash Equivalents	$ 1,254	$ 1,563
Working Capital	$ (100,851)	$ (101,730)
Total Assets	$ 50,350	$ 55,127
Total Liabilities	$ 129,995	$ 142,555
Loan Payable (<1 year)	$ 68,716	$ 73,612
Loan Payable (>1 year)	$ 18,160	$ 27,159
Total Shareholder's Deficiency	$ (76,453)	$ (87,428)

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 $86.8 million as of June 30, 2017, a decrease of $13.9 million compared to the total loans payable as at December 31, 2016 ($100.8 million). The decrease in loans was driven by the conversion of a portion of the related party debt into equity in one of GLG's China subsidiaries, which was approved at the May 29, 2017, GLG Special Shareholders Meeting. The debt restructuring reduced short-term loans by $5.1 million and long-term loans by $10.8 million (derivative liabilities were also reduced – see the *Related Party Debt Conversion* section herein for additional details); these reductions were partially offset by additional interest accrued over the period.

The Company has worked with its Chinese banks on restructuring its Chinese debt. 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"). Prior to the Company's Q2 2017 debt restructuring (see the *Related Party Debt Conversion* section), as of March 31, 2017, the total of all China bank loans transferred to SOCMCs accounted 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 working further 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 involved 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 June 30, 2017 and 2016

Cash generated in operating activities was $0.8 million in the three-month period ended June 30, 2017, compared to $0.6 million generated by operating activities in the same period of 2016. Cash generated in operating activities increased by $0.2 million year-over-year. Cash used in operations prior to changes in non-cash working capital was $2.0 million for the three-month period June 30, 2017, compared to $1.7 million used in the comparable period. Non-cash working capital increased by $0.4 million in the current three-month period compared to the same period in 2016. The $0.4 million increase in cash generated by non-cash working capital in the three months ended June 30, 2017, relative to the comparable 2016 period, was due to (1) an increase in cash generated from inventory ($1.5 million), (2) an increase in cash generated from interest payable ($0.4 million) and (3) an increase in cash generated from taxes recoverable and prepaid expenses ($0.3 million); these were offset by (4) a decrease in cash generated from accounts payable and other payables ($1.1 million), (5) a decrease in cash generated from accounts receivable ($0.6 million) and (6) a reduction in cash from related-party interests ($0.1 million).

Cash used by investing activities was $0.1 million during the second quarter of 2017 related to the purchase of equipment, compared to cash used by investing activities of $0.04 million in the same period in 2016.

Cash used in financing activities was $0.2 million in the second quarter of 2017 compared to $0.03 million cash used in the same period in 2016. Cash used in financing activities increased in the second quarter related to debt restructure fees.

Cash Flows: Six Months Ended June 30, 2017 and 2016

Cash generated in operating activities was $0.5 million in the six-month period ended June 30, 2017, compared to $0.7 million used in operating activities in the same period of 2016 or an improvement of $1.2 million. Cash used in operations prior to changes in non-cash working capital is $1.4 million less than the same period last year. Non-cash working capital increased by $0.2 million in the current period compared to the same period in 2016. The $0.2 million increase in cash generated by non-cash working capital in the six months ended June 30, 2017, relative to the comparable 2016 period, was due to (1) an increase in cash generated from inventory ($0.1 million), (2) an increase in cash generated from interest payable ($0.4 million), (3) an increase in cash generated from prepaid expenses ($0.3 million), and (4) an increase in cash from related parties ($0.2 million); these were offset by (5) a decrease in cash from accounts payable and other payables ($0.4 million), (6) a decrease in cash from taxes recoverable ($0.2 million), (7) a decrease in cash generated from accounts receivables ($0.3 million) and (8) a decrease in deferred revenue ($0.3 million).

Cash used by investing activities was $0.2 million during the six-month period of 2017 related to the purchase of equipment. Cash used by investing activities was $0.3 million in the same period in 2016.

Cash used in financing activities was $0.3 million in the six-month period of 2017 compared to $0.1 million cash used in the same period in 2016. Cash used in financing activities increased in the second quarter related to debt restructure fees.

Financial Resources

Cash and cash equivalents decreased by $0.3 million during the six months ended June 30, 2017, from December 31, 2016. Working capital improved by $0.9 million from the year-end 2016 position to negative $100.9 million. The most significant factors driving the working capital increase are decreases in (1) due to related parties current liabilities ($3.1 million), (2) short-term loans ($1.8 million), which were driven primarily by the debt restructuring transaction (see the *Related Party Debt Conversion* section), (3) accounts payable ($0.8 million) and (4) deferred revenue ($0.3 million); these gains were offset by (4) an increase in interest payable ($2.7 million), (5) a decrease in inventory ($1.1 million), and (6) other decreases in cash, accounts receivable, sales tax recoverable, and prepaid expenses (totalling $1.3 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 $65 million as of December 31, 2016). See above section on *Liquidity and Capital Resources* for additional details on the Company's debt restructuring efforts.

The Company's working capital and working capital requirements fluctuate from quarter to quarter depending on, among other factors, the annual stevia and monk fruit harvests 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 June 30, 2017, in comparison to December 31, 2016, the total assets decreased by $4.8 million. This decrease was split between a decrease in current assets of $2.4 million and a decrease in fixed assets of $2.4 million.

The $2.4 million decrease in the current assets was driven by decreases in (1) cash and cash equivalents ($0.3 million), (2) inventory ($1.1 million), (3) sales taxes recoverable ($0.3 million), (4) accounts receivable ($0.4 million) and (5) prepaid expenses ($0.3 million).

The net decrease in the fixed assets of $2.4 million was due primarily to (1) a decrease in amortization ($3.5 million), which was offset by (2) an appreciation of the RMB against the Canadian dollar ($1.1 million).

Current liabilities decreased by $3.3 million as at June 30, 2017, in comparison to December 31, 2016. The $3.3 million decrease was driven by decreases in (1) due to related parties current liabilities ($3.1 million), (2) short-term loans ($1.8 million), which were driven primarily by the debt restructuring transaction (see the *Related Party Debt Conversion* section), (3) accounts payable ($0.8 million) and (4) deferred revenue ($0.3 million), which were offset by (5) an increase in interest payable ($2.7 million).

Long-term liabilities decreased by $9.3 million. This decrease was driven by (1) a decrease in long-term due to related parties ($9.0 million) and (2) a decrease in liabilities from derivatives ($0.3 million), both driven by the Company's debt restructuring transaction.

Shareholders' equity increased by $11.0 million due to increases in (1) contributed surplus ($20.8 million) and (2) share capital ($0.3 million), which were offset by (3) a decrease in accumulated other comprehensive income ($1.8 million) and (4) an increase in deficit ($8.3 million).

Short-Term Loans

The Company's short-term loans consisted of borrowings from various banks in China $62,860,646 (December 31, 2016 - $63,386,713) and loans from private lenders of $998,330 (2016 - $2,251,081), which was reclassified from long term loans in 2016 as follows:

Bank Loans as at June 30, 2017

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 574,200	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
5,359,200	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
1,914,000	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
1,871,892	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
9,870,822	51,571,696	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,311,992	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
15,155,982	79,184,858	On Demand	11.97%	Bank of Communication
3,341,361	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
8,139	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
1,320,660	6,900,000	July 26, 2017	5.82%	Huishang Bank
5,742,000	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
2,390,398	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 62,860,646	328,425,578			

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%

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, 2016	$	2,251,080
Additions		-
Converted into non-controlling interest (note 11)		(1,218,427)
Foreign currency translation		(34,323)
June 30, 2017	$	998,330

This loan balance consists of two loans.

As of June 30, 2017, the first loan balance consists of principal of $998,330 (2016 - $1,032,904) and accrued interest of $347,757 (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 $nil (2016 - $1,218,176) and accrued interest of $767,983 (2016 - $629,107), with interest at 20% per annum, compounding quarterly. The loan principal has been converted into a non-controlling interest of Chuzhou Runhai Stevia High Tech Company Limited (see Note 11 in the Financial Statement). 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 $13,733 (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	1.28%
Expected life of the loan	3 years
Expected foreign currency volalitity	10.36%

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 June 30, 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 June 30, 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 $97,000 (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 $1,941 (10,000 CNY) per year
- In the second 5 years the rent expense is approximately $2,267 (11,680 CNY) per year
- In the third 5 years the rent expense is approximately $2,647 (13,642 CNY) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is approximately $3,092 (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 $5,545 (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 six month lease payments ended June 30, 2017 total $42,680 (2016 – $62,579).

The minimum cash payments related to the above		Amount
2017	$	255,542
2018		298,222
2019		330,232
2020		330,232
Thereafter		774,450
Total	$	1,988,678

Capital Structure

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

	30-Jun-17	31-Dec-16
Common Shares Issued	37,890,336	37,890,336
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.

Related Party Debt Conversion

Transaction Description

On May 29, 2017, at the Company's Annual General and Special Meeting (the "Meeting"), shareholders overwhelmingly approved a proposed related party transaction (the "Transaction") to convert approximately RMB 80.5 million of related party Chinese debt, held by the Company's Chairman and CEO and family members into a minority equity share in GLG's primary Chinese subsidiary, Stevia High Tech Company Limited ("Runhai").

The Transaction is the first phase of a two-phase debt restructuring process recommended by an Independent Special Committee appointed by the Company's Board of Directors to oversee the debt restructuring process. The second phase, which had been contingent on successful execution of the first phase and is now pending finalization on terms, involves conversion of the Chinese banks' debt holdings into equity in Runhai. Ultimately, the Company expects to convert over $100 million in debt holdings (related party debt and Chinese bank debt) into equity into Runhai, while retaining a controlling interest in that subsidiary.

Following approval, the Transaction (i.e., phase one) was consummated on May 31, 2017. Pursuant to the underlying agreements:

- Dr. Zhang (Chairman and CEO of the Company), Mrs. Rosa Yuan (Dr. Zhang's wife), and Mrs. Guiyun Zhang (Dr. Zhang's aunt) (collectively, the "Related Parties"), transferred their combined Chinese debt holdings of RMB 80,584,090 to a newly-formed intermediary – Mingguang Jixu Investment Management Partnership ("JiXu") – as Chinese law precluded the Related Parties, as non-Chinese nationals, from themselves holding an equity share in Runhai.

    - The sole purpose of forming JiXu was to facilitate both phases of the 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.
    - Jixu carries a repayment obligation to the Related Parties and any disposition of its equity holding will be directed by the Related Parties.

- In exchange for converting its debt holdings of RMB 80,584,090 into equity, Jixu acquired a 15.95% equity share in Runhai.
- The implications of this debt conversion were, as of May 31, 2017, removal of $15.9 million in debt liability from the Company's balance sheet, as well as a reduction in derivatives liability by $0.3 million.
    - This derivative liability amount was a reflection of the Company's foreign exchange exposure deriving from the contracted exchange rates that the Related Parties could invoke if the debts were to be repaid.

With this related party debt liability removed, the Company is now focusing on phase two of the debt restructuring plan.

Accounting Treatment of the Transaction

As a result of the transaction, Jixu's 15.95% equity holding in Runhai is reflected as a Non-Controlling Interest on the Company's Financial Statements.

This Transaction was accounted for under IFRS 10 – Consolidated Financial Statements. Accordingly, the restructured debt has now been presented as a non-controlling interest in the Company's Consolidated Balance Sheet and Consolidated Statements of Changes in Shareholders' Equity. The Company has maintained ownership and management control over its subsidiary where the debt restructuring took place.

The Company has accounted for this transaction as of May 31, 2017, and has attributed the profit or loss and other comprehensive income to the Company and to the non-controlling interest. The proportions allocated to the Company and the non-controlling interest were determined on the basis of present ownership interests.

Transactions with Related Parties

a) Transactions with Key Management Personnel

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

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

	Three months ended June 30		Six months ended June 30	
	2017	**2016**	**2017**	**2016**
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$ 219,558	$ 228,982	$ 437,053	$ 468,280
Share-based benefits	$ 158,596	$ 247,399	$ 322,069	$ 524,975
Total remuneration	$ 378,154	$ 476,381	$ 759,121	$ 993,256

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

Key management did not exercise stock options granted under the Company's stock option plan in the six months ended June 30, 2017.

b) Amount Due to Related Parties

As of June 30, 2017, the Company has accrued $1,909,725 (2016 - $1,875,913) including 3% interest per annum in consulting fees to the Company's Chairman and Chief Executive Officer.

As of June 30, 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 $16,250,586 (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 June 30, 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 $3,857,443 (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 $ 20,108,029 (2016 - $32,257,088) of which $3,857,443 (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 $326,111 (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 Note 9 in the Financial Statements.

Please see the *Related Party Debt Conversion* section above for additional details on the underlying Transaction.

Loan balance as of June 30, 2017

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 648,915	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,297,700	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	648,850	May 30, 2013	May 30, 2018	Unsecured	Category 1	Chairman and CEO
	324,425	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	895,413	October 20, 2014	October 20, 2017	Unsecured	Category 2	Direct family member of CEO
	188,167	May 23, 2017	November 23, 2017	Unsecured	Category 2	Direct family member of CEO
Principal amounts	**$ 4,003,469**					
Accrued interest	**16,104,560**					
	$ 20,108,029					

Category 1: 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 2: 20%

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					

As of June 30, 2017, the Company has a loan of $1,000,000 (2016 - $1,000,000) from a Director of the Company to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full within twelve months of the Disbursement Date. As of June 30, 2017, the total amount due to this related party including interest was $1,000,000 (2016 - $1,000,000) and is classified under current liabilities.

Loan balance as of June 30, 2017

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
Principal amounts	$ 1,000,000	September 15, 2016	September 30, 2017	15.00%	Director
Accrued interests	$ -				
	$ 1,000,000				

Loan balance as of December 31, 2016

		Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Interest rate per annum	Related Parties
Principal amounts	$	1,000,000	September 15, 2016	September 30, 2017	15.00%	Director
Accrued interests	$	-				
	$	1,000,000				

c) 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	84.05%	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 June 30, 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 June 30, 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 June 30, 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's related party debt conversion transaction, as described in the Company's Management Proxy Circular, is available on SEDAR (www.sedar.com). Additional information relating to the Company is also available on our website (www.glglifetech.com).