



**GLG Life Tech Corporation**  
(Formerly GLG Life Tech Limited)

**MANAGEMENT DISCUSSION AND ANALYSIS**

FOR THE PERIOD ENDED June 30, 2007

Trading on the CNQ

Stock Symbol: **GLGT**

**GLG LIFE TECH CORPORATION**  
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The following discussion and analysis (“MD&A”) should be read in conjunction with the unaudited consolidated financial statements and related notes thereto of GLG Life Tech Corporation (the “Company”) for the six months ended June 30, 2007 (the “Financial Statements”). The financial information in this MD&A is derived from the Financial Statements which have been prepared in accordance with Canadian generally accepted accounting principles applied to interim financial statements and its audited financial statements for the year ended December 31, 2006. The effective date of this MD&A is August 28, 2007.

Unless otherwise specified, all financial data in this MD&A is presented in Canadian dollars.

This MD&A may contain forward-looking statements in respect of various matters including upcoming events. The results or events predicted in these forward-looking statements may differ materially from actual results or events. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations.

**1. Overview**

- a. With the completion of the reverse takeover of the Company (the “RTO”) on June 28, 2005, the Company was able to begin normal operations in its new business during the third quarter ended September 30, 2005.
- b. The Company is now in the business of manufacturing and selling a refined form of stevia and procuring health products, food supplements and dietary supplements from around the world. The Company is currently selling its nutritional products to its main customer in China, Shandong Yong He Tang Health Products Chain Stores Limited (“YHT”). YHT had seven franchise locations at the end of March 2005, 979 locations at the end of December 2006 and 1,134 locations at the end of June 2007.
- c. On December 18, 2006, the Company completed the acquisition of 100% ownership of Qingdao Runde Biotechnology Co., Ltd. (“Runde”). The purchase price was paid by the issuance of a convertible promissory note in the principal sum of \$880,000 (the “Convertible Note”) and 50,000,000 common shares of the Company (16,666,667 common shares on a post-consolidated basis) at a deemed price (including the permitted discount) of \$0.32 per share. The Convertible Note is exercisable into common shares of the Company at a post-consolidation price of \$1.29 per share.
- d. Primarily revenue for the Company is generated from Runde, from the procurement activities for product that the Company sells to YHT and from royalties resulting from the actual gross sales of YHT to its various franchise operations. Agreements and relationships were established during the quarter that will help to expand the Company’s growth within the stevia industry.
- e. The Company is subject to international import and export regulations and the classification of products that it sells. These various regulations are subject to change at times and this could slightly delay delivery time for product, which can cause work in process to remain on the books prior to being received by customers and invoiced. Some products are invoiced at the time of shipment and other products are invoiced at the time of receipt at the port in China. It is anticipated that the majority of the revenue moving forward will be generate from sales related to stevia.
- f. As at June 30, 2007, the Company had working capital of \$5,283,194 (compared to \$1,595,835 on December 31, 2006) and loans receivable of \$1,326,008 (compared to \$1,945,115 on December 31, 2006).

## 2. Acquisitions

### A. Acquisition of Grand Leaf International Limited ("GLI")

On June 28, 2005, closing escrow conditions were satisfied and the Company formally completed a share exchange agreement with the shareholders of GLI under which it acquired all the issued and outstanding common shares of GLI. To effect this acquisition, the shareholders of GLI exchanged their GLI shares for pre-consolidated common shares of the Company at a ratio of 12.58 shares of the Company for every 1 (one) GLI share. As a result of this acquisition, the former shareholders of GLI, having received 79,661,000 common shares (approximately 86% of the issued and outstanding common shares of the Company) had control of the combined entity as at the date of closing of the transaction.

For accounting purposes, the acquisition was recorded in accordance with GAAP as a reverse takeover of the Company by GLI. Accordingly, GLI has been identified as the acquirer and, therefore, the financial statements of the combined company reflect the continuation of GLI, initially under the name GLG Life Tech Limited and now under the name GLG Life Tech Corporation.

It was also agreed between the parties that as of June 21, 2005, the effective date of the transaction, the former management of the Company would be responsible for all of the outstanding liabilities and that a license to distribute SQ mirrors worldwide with a book value of \$1 would be the only asset on the Company's books at the time of acquisition. Thus the 13,260,000 common shares of the Company that were issued and outstanding immediately prior to the RTO has been valued at \$1.

With this acquisition, the Company acquired four licenses and rights:

#### a. Exclusive License Agreement with Dr. Luke Yong Zhang and Professor Hong Zhao Guang

Pursuant to an agreement dated December 30, 2004, Dr. Luke Yong Zhang, a major shareholder of the Company, and Professor Hong Zhao Guang have granted the Company an exclusive worldwide license to operate the non-profit health and wellness business owned by Dr. Luke Yong Zhang and Professor Hong Zhao Guang (which includes health education and consulting services, and the marketing and distribution for retail sale of various health and nutraceutical products) and the right to sub-license such right.

#### b. Exclusive License Agreement with Professor Jinduo Zhang

Pursuant to an agreement dated December 30, 2004, Professor Jinduo Zhang, a director of GLG, granted the Company the exclusive worldwide license to use the name GLG, and to sub-license such right.

#### c. Supplier Agreement with YHT

Pursuant to an agreement dated December 30, 2004, YHT was appointed as an authorized retailer in China of health and nutraceutical products distributed by the Company. The agreement also provides that all health and nutraceutical products sold by YHT must be purchased from the Company or its approved suppliers.

#### d. Share Transfer Agreement with the Owners of YHT

Pursuant to an agreement dated December 30, 2004, the Company has the right, but not the obligation to purchase ownership of YHT and all interest in its registered capital.

## B. Acquisition of Runde

On December 18, 2006, the Company acquired Runde as a wholly owned foreign entity ("WOFE"). The purchase price was paid by the issuance of the Convertible Note and 50,000,000 common shares of the Company (16,666,667 common shares on a post-consolidated basis) at a deemed price (including the permitted discount) of \$0.32 per share. The Convertible Note is exercisable into common shares at a post-consolidated price of \$1.29 per share.

### 3. **Summary of Significant Accounting Policies**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent asset and liabilities at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. It is management's opinion that these financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

#### (a) Principle of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary, Runde. All inter-company balances and transactions have been eliminated upon consolidation.

#### (b) Cash and cash equivalent

Cash and cash equivalent, which include term deposits that are purchased three months or less from maturity, are presented net of outstanding items including cheques written but not cleared by the bank as at the balance sheet date.

#### (c) Investment

Temporary investment, which is fixed term deposit held at a chartered bank with a maturity date in excess of three months, is recorded at cost, which approximates fair value.

#### (d) Inventories

Inventories are stated at the lower of cost and net realizable value, using the first-in first-out method. Net realizable value represents the anticipated selling prices less all further costs for distribution.

#### (e) Foreign currency translation

The Company's operation in China represents a self-sustaining foreign operation, and the respective accounts have been translated into Canadian dollars in accordance with the current rate method. Assets and liabilities are translated at the exchange rates prevailing at the balance sheet dates, and revenue and expenses are translated on the basis of average exchange rates during the periods. Any gains or losses arising from the translation of these accounts are deferred and included as a component of shareholders' equity as cumulative foreign currency translation adjustments.

(f) Plant and equipment are recorded at cost less accumulated amortization. Amortization is calculated using the following annual rates:

Building	Straight Line – 20 years (with 10% residual value)
Computer Equipment	Declining Balance method at 30% per annum
Computer software	Declining Balance method at 50% per annum
Manufacturing Equipment	Straight Line – 10 years (with 10% residual value)
Office Equipment	Declining Balance method at 20% per annum
Ion Exchange Resin Equipment	Straight Line 20 years (with 10% residual value)

### 3. Summary of Significant Accounting Policies *(continued)*

#### (g) Goodwill

Good will represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is tested for impairment annually or when indicated by events or changes in circumstances, by comparing the fair value of a particular reporting unit to its carrying value. When the carrying value exceeds its fair value, the fair value of the reporting unit's goodwill is compared with its carrying value to measure any impairment loss.

#### (h) Intangibles

Intangible assets are amortized over the estimated useful life of each asset unless the life is determined to be indefinite. An intangible asset with an indefinite life is not amortized but will be tested for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired.

An impairment loss is recognized when the carrying value of intangible asset exceeds the estimated undiscounted future cash flow expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded is calculated by the excess of the asset's carrying value over its fair value. Fair value is generally determined using a discounted cash flow analysis.

#### (i) Income taxes

Future income taxes are recorded using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

#### (j) Revenue recognition

The Company has signed a supplier agreement with YHT whereby YHT is an authorized retailer in China for the products distributed by the Company. According to the agreement, YHT is allowed to distribute the Company's health and pharmaceutical products purchased either from the Company or the Company's approved suppliers, and to operate health education centers under the name HZ Center. The Company is entitled to a royalty fee from YHT for any of its product sold, whether the products were supplied directly or indirectly by the Company, as well as an annual fee of \$2,000 for every store operated or authorized by YHT under a franchise or other license as of January 1 of the same year not withstanding the foregoing, the annual fee shall not become payable until such time as the average annual revenue from the stores operated or authorized by YHT under a franchise or other license exceeds \$40,000.

Revenue from product sales is recognized when products are shipped to the customer, and the ultimate collection is reasonably assured.

#### (k) Earnings per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period.

### 3. Summary of Significant Accounting Policies (continued)

#### (l) Stock based compensation

Canadian generally accepted accounting principles require the fair value of all share purchase options to be expensed over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital.

The Company uses the Black – Scholes option valuation model to calculate the fair value of share purchase options at the date of the grant. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, do not necessarily provide a reliable single measure of the fair value of the Company's share purchase options.

#### (m) Use of Estimates

The Preparation of these financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of plant and equipment and valuation allowances for receivables and inventories and the determination of the stock based compensation. Actual results may differ from those estimates.

### 4. Results of Operations

During the six months period ending June 30, 2007 the Company reported revenues of \$2,834,621 in sales from Runde (June 30, 2006 - NIL) and \$337,086 in procurement and royalty income (June 30, 2006 - \$231,713)

Major expenses during the six months period ending June 30, 2007 included \$140,681 in consulting fees (June 30, 2006 - \$167,218), \$98,672 in professional fees (June 30, 2006 – \$74,698), \$83,273 in travel (June 30, 2006 - \$18,511), \$73,900 in accretion on convertible debenture (June 30, 2006 - \$Nil), \$52,130 on interest and bank charges (June 30, 2006 - \$594), and \$50,413 in salaries and wages (June 30, 2006 - \$Nil).

### 5. Selected Quarterly Information

Second Quarter	2007	2006
Revenues	\$1,297,344	\$127,581
Net income (loss) for the period	\$29,209	(\$111,082)
Income per share	\$0.00	(\$ 0.00)
Total Assets	\$31,019,583	\$ 2,709,181

### 6. Summary Quarterly Results

The selected consolidated information below has been gathered from quarterly financial statements for the previous eight quarterly periods:

	Revenue \$	Net Income (Loss) \$	Income (Loss) Per share \$
June 30, 2007 *	1,297,344	29,209	0.00
March 31, 2007*	1,874,363	284,727	0.01
December 31, 2006	994,143	224,279	0.01

September 30, 2006	184,821	85,435	0.00
June 30, 2006	127,581	(111,082)	(0.00)
March 31, 2006	104,132	10,445	0.00
December 31, 2005	208,348	(157,859)	(0.00)
September 30, 2005	243,019	111,899	0.00

\* The primary reason for increases in the first and second quarter revenues is due to the sales generated by Runde during the quarter.

## 7. Balance sheet

Total assets were \$31,019,583 at June 30, 2007 compared with \$21,363,064 at December 31, 2006.

Accounts receivable of \$985,089 includes receivables of Runde, from YHT and interest accrued on notes receivable from YHT. Receivables of Runde equaled \$576,434 at June 30, 2007 (December 31, 2006 – \$229,636) Receivable from YHT equaled \$358,238 at June 30, 2007 (December 31, 2006 - \$228,642) and accrued interest receivables equaled \$50,417 as at June 30, 2007 (December 31, 2006 - \$114,853)

Prepaid and deposits of \$969,796 include deposit on inventory purchase of \$640,630 (December 31, 2006 – 1,623,405) and \$329,166 other (December 31, 2006 - \$4,789). Loans receivable decreased to \$1,326,008 as of June 30, 2007 from \$1,945,115 as at December 31, 2006. The loans related to the notes receivable are from YHT, are unsecured and bear interest at the rate of either 1% (in the case of the loan of US\$300,000 in January 2006) or 2% more than the prime commercial lending rate posted by the Bank of Montreal at its main branch in Vancouver, BC, on the first business day of each calendar quarter. Accounts payable and accrued liabilities include operating payables and accrued charges. Accounts payable and accrued liabilities increased to \$1,516,212 as at June 30, 2007 from \$1,216,876 as at December 31, 2006, mainly due to acquisition of Runde and expenses necessary in the normal operations of manufacturing a product.

Advances from customers of \$2,349,708 represents the Canadian dollar amount of US\$3,000,000 advances received on June 22, 2007 from a major customer, net of account receivable from the same customer. The short term loan payable of \$385,165 represents an overpayment from the investor in a convertible debenture on June 22, 2007. During the quarter, the Company received a convertible debenture in the amount of \$6,000,000 of which \$2,619,080 was classified as a liability and \$3,380,920 combined fair value of the conversion option and warrants was classified as shareholders' equity.

The share capital was \$19,609,759 and the contributed surplus was \$1,702,716 at June 30, 2007 compared to \$19,179,824 and \$1,767,651 at December 31, 2006, respectively.

## 8. Liquidity

The Company has sufficient working capital to operate in its normal course of business. The Company is monitoring its operational expenses and is using contractors to provide accounting, finance, office services, and procurement of products and services. The greatest cash outlay for the Company prior to the acquisition of Runde was for normal legal and accounting expenses and for the procurement of products, which are for resale at a profit. Currently, the Company now has operational and raw material inventory needs from its wholly owned subsidiary Runde which has thus shifted the Company's major need for the outlay of cash to this division. In the future, the Company is expected to pursue additional financing which could include establishing a revolving line of credit, private placement of equity, or traditional debt financing to fund increasing procurement activities of Runde as well as facility expansion and the Company's other product procurement needs in the near future.

## 9. Risks and Uncertainties

Currently, the Company's sole market within which its business is conducted is China. There were no events that altered the normal cost of doing business during the quarter prior to the acquisition of Runde. It is anticipated that as the scope of the Company's business begins to broaden within the health care industry, additional cash flow will be required. Even so, the Company feels that there are currently no known risks or uncertainties that will have a negative result on the Company's sales. The ability to acquire

high quality stevia leaf at prices that will allow profitability is dependent on market forces. It is anticipated that until the company makes the required acquisitions to insure independent acquisition of stevia leaf that it will be forced to purchase lower quality product at market prices due to the nature of an auction style of buying leaf on the open market. If the company can successfully acquire leaf it should meet its revenue projections but the profitability may suffer due to higher prices for poorer quality leaf than anticipated in a normal market. The Company anticipates acquiring enough leaf this year but it also expects that due to the competitive nature and the high demand that this year's leaf will be poorer quality and cost more than in years past. The Company has plans to develop and maintain its own internal seed, seedling, planting and harvesting programs in which all product needs of the Company will be exclusive to the Company and this should eliminate the current leaf purchase situations in future years. As with all crops there is always a risk that bad weather and other natural disasters could have a negative effect on the growing of the stevia. Subsequent to the period the company has signed agreements that will give it an exclusive position for the acquisition of high quality stevia leaf at fixed pricing that will allow projected profitability and create more stability for the company in future years.

There are certain inherent risks that accompany international business activities including regulatory limitations restricting or prohibiting the provision of products and services, unexpected changes in regulatory requirements, tariffs, customs, duties and other trade barriers. Other potential difficulties include staffing and managing foreign operations, longer payment cycles, problems in collecting accounts receivable, fluctuations in currency exchange rates, foreign exchange controls that restrict or prohibit repatriation of funds, technology export and import restrictions or prohibitions, delays from government agencies, seasonal reductions in business activity during the summer months in certain parts of the world and potentially adverse tax consequences resulting from operating multiple jurisdictions with different tax laws. The Company has been structured to minimize these risks as best possible.

The Company has positioned itself to acquire ample stevia leaf so that the capabilities of the new 200 metric ton Runde facility and the in process 500 metric ton facility may be maximized before the end of 2008. However, the quality of the stevia leaf, if poor, could result in less profitability and a high price due to market forces could also result in reduced profitability.

The Company's major competitors in the health products sector of its business are international companies which produce health products as well as nutritional and dietary supplements. Some of these competitors have significantly greater financial, technical and marketing resources. In some cases, these competitors also have more brand equity and a larger existing customer base. It is felt by the Company that most of these advantages are due to greater marketing resources and not superior product. There can be no assurance that the Company will be able to compete successfully against these competitors or that such competition will not have a material adverse effect on the Company's business, financial condition and results of operations. However, the Company believes that it can be competitive in the China market by drawing upon its relationships in China while assisting its authorized retailers to implement successful Western operational principles. The Company is developing other revenue streams by entering into additional strategic relationships as well as focusing its efforts on building a leading health products and health services company in China. To date in the Health Products sector the Company has been able to sustain continual growth.

## **10. Off-Balance Sheet Arrangements**

The Company had no off-balance sheet arrangements.

## **11. Transactions with Related Parties**

During the period under review, the Company entered into the following transactions with related parties:

- a) Paid and accrued consulting fees for the six months ending June 30, 2007 of \$100,000 (June 30, 2006 -\$94,825) to two officers, one director and one company controlled by a director.
- b) Paid legal fees, disbursement and provincial sales taxes of \$30,389 (June 30, 2006 – \$29,189) to a law firm of which the Company's secretary is an associate counsel.
- c) Received income of \$307,216 (June 30, 2006 - \$235,931) from a company controlled by a former director for the procurement of goods. The director has terminated its role with the Company as of April 14, 2006.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- d) The Company has advanced to the same related party in (c) the amount of \$2,115,331, as described in Note 6, for the purpose of launching a marketing program in China to substantially increase the Company's exposure in various parts of China.

## **12. Financial Instruments and Other Instruments**

### **Fair Values**

Fair value of estimates of financial instruments is made at a specific point in time based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature involving uncertainties and matters of significant judgment they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value.

The carrying value of cash and cash equivalents, investment, subscriptions receivable, accounts receivable, accounts payable and convertible note payable approximates the fair value because of the short-term nature of these instruments. The fair value of loans receivable approximates the fair value because they bear a fair interest rate.

### **Credit Risks**

The Company has a high concentration of credit risk as the accounts receivable were owed by fewer than four customers. The Company does not believe that it needs to require collateral to support these financial instruments.

### **Currency Risk**

The Company is exposed to currency risk as its subsidiary's functional currency is denominated in a foreign currency. Unfavorable changes in the applicable exchange rate may result in a decrease or increase in the cumulative translation adjustment. The Company does not use derivative instruments to reduce its exposure to foreign currency risks.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

## **13. Segmented Information**

The Company revenue generating activities are in three reportable segments of (1) royalty fees and the procurement of health and nutritional products, including protein and vitamin supplements, food supplements and dietary supplements, (2) stevia manufacturing and sales (3) financing consisting of interest income.

The Company's management evaluates segment performance geographically. Revenue and total assets are segmented into China manufacturing, Canadian financing, and China and Canadian procurement.

## **14. Subsequent Events**

- a. During the period, the Company signed a five year supply agreement and prepayment agreement with Cargill, Incorporated, of Wayzata, MN ("Cargill") whereby Cargill will finance up to US \$7,000,000 for the purchase of stevia leaves, which shall be further processed into the stevia extract to be shipped to Cargill for use in the production of rebiana. US \$3,000,000 was received on June 22, 2007 and US \$4,000,000 was received subsequent to the period on July 13, 2007. In accordance with the Company's agreement as part of the above transactions, the Company has issued to Cargill three

share purchase warrants. The first warrant will allow Cargill to purchase, by January 31, 2008, common shares of the Company equal to 20% of the Company's total shares on a fully diluted basis as of July 2, 2007, at an exercise price of \$3.50 per share. The second warrant will allow Cargill to purchase, between January 31, 2008 and March 31, 2009, common shares of the Company equal to 10% of the Company's total shares on a fully diluted basis as of January 30, 2008. The final warrant will allow Cargill to purchase, between January 31, 2009 and March 31, 2010, common shares of the Company in such number as is equal to the number of common shares that will bring Cargill's total percentage ownership in the Company to a total of 35% of the number of the Company's outstanding common shares, calculated on a fully diluted basis as of January 30, 2009, taking into account the common shares that Cargill had or has the right to purchase under the first two share purchase warrants. The exercise price under the second and third warrants will be equal to the average closing price of the Company's shares for the 10 trading days prior to the first day of each warrant exercise period.

- b. On July 1, 2007, the Company signed a letter of agreement to purchase all issued and outstanding shares of Agricultural High Tech Developments Ltd. ("AHTD") from the shareholders of AHTD. The purchase price for the acquisition of AHTD is 12,500,000 common shares of the Company. 30% of the shares will be issued upon closing of the transaction; 35% of the shares will be issued whereupon AHTD provides seedlings for the planting of 30,000 mu of stevia which will yield 5,000 metric tons of leaf in 2008; the balance of the shares will be issued whereupon AHTD provides seedlings for planting 60,000 mu of stevia which will yield 8,000 metric tons of leaf in 2009.
- c. Subsequent to the closing of the period, on August 16, 2007 the Company became a party to two separate supplement agreements and investment agreements with two local government authorities, the Mingguang People's Government and the Dongtai People's Government. The agreements spell out investments to be made by the Company and also give the Company exclusive rights to acquire the stevia leaf in the large growing areas as well as the exclusive rights which will allow the Company to be the only company that will be approved for constructing new stevia manufacturing facilities within the respective area. These exclusive rights to leaf and construction per the agreement are for a 10 year period. It is expected that the Company will supply seedlings provided from its seed base operation for the growing of the high quality stevia in this exclusive area.

#### **15. Outstanding Share Data as at June 30, 2007**

- (1) Common Shares Issued: 50,324,060
- (2) Stock Options 5,578,067
- (3) Pooling Agreement was terminated on June 21, 2007. \*
- (4) Escrow Agreement 6,613,269

\*On June 21, 2007 the voluntary pooling agreement was terminated which prohibited trading for 37,557,256 common shares until 18 months after June 21, 2008, except in the event the closing price of the shares exceeded \$6.00 whereupon 15% of the shares would be released from the pooling agreement.

#### **16. Additional Information**

- a. On June 22, 2007, the Company issued convertible debentures ("Debentures") and share purchase warrants ("Warrants") to purchase common shares of the Company for total gross proceeds of \$6,000,000. The Debentures are due on June 30, 2008 and bear interest at a rate of 12% per annum, payable semi-annually in arrears beginning on December 31, 2007. The Debentures are convertible into common shares with the first third of the principal converted at a conversion price of \$2.80 per common share, the second third of the principal converted at \$3.05 per common share and the remaining principal converted at \$3.30 per common share. The Debentures were issued with Warrants to purchase up to 1,200,000 common shares of the Company. The Warrants expire on June 22, 2009 and are each exercisable for one common share of the Company at a price of \$3.05 for the first 600,000 common shares and \$3.30 for the second 600,000 common shares.

The financing was secured primarily to continue normal operations for the Company's stevia manufacturing business at its wholly owned subsidiary Runde including expansion of facilities.

b. Management has designed disclosure controls and procedures, or has caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company is made known to management by others within the Company, particularly during the period in which the annual filings are being prepared. Management has also designed such internal controls over financial reporting, or caused them to be designed under management's supervision, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Annual Financial Statements. During the period covered by this report there have been no changes in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's disclosure controls and procedures or internal control over financial reporting.

c. Additional information relating to the Company is available on SEDAR ([www.sedar.com](http://www.sedar.com)).