



GLG Life Tech Corporation
(Formerly GLG Life Tech Limited)

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 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 nine months ended September 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 November 16, 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 1,218 locations at the end of September 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 expanded upon 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 generated from sales related to stevia.

- f. As at September 30, 2007, the Company had working capital of \$6,116,800 (compared to \$5,283,195 on June 30, 2007) and long term loans receivable of \$140,125 (compared to \$1,326,008 on June 30, 2007).

2. Acquisitions and Key Agreements

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. GLI has since been dissolved and no longer exists as a company.

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.

C. Key Agreements and Company Developments

- a. 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.
- b. 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.
- c. On August 30th, GLG Life Tech established a new subsidiary for the manufacture of stevia products. The subsidiary name is Chuzhou Runhai Stevia High Tech Co., Ltd. Initial capitalization of Runhai was \$US 1 Million and was paid into Runhai on August 31st. Runhai was consolidated as a 100% wholly owned subsidiary for the third quarter. On September 13th, GLG Life Tech established a new subsidiary for its Seed Base Operations. The subsidiary name is Anhui Bengbu Huinong Stevia High Tech Development Co., Ltd. And is a 100% owned Wholly Owned Foreign Enterprise.
- d. On September 30th, 2007, The Company filed an application for a listing on the TSX Senior Board.

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 subsidiaries, Runde, Runhai and Benbu. 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)

(g) Goodwill

Goodwill 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

3. Summary of Significant Accounting Policies (continued)

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 notwithstanding 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.

(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.

(n) Changes in accounting policy - convertible debenture

During the third quarter 2007, GLG changed its accounting policy for the treatment of the convertible debenture identified above in note 10. Under the previous accounting policy, the equity component of the debenture was valued using the Black-Scholes valuation model and the residual value of the debenture was allocated to its debt component. In the case of this Convertible Debenture, Due to the limited trading volumes of the company's shares, management has determined that a more reliable value can be determined by determining the value of the debenture's debt component and allocating the residual value to the option component, as described in CICA Handbook section 3861 paragraph 22.

To effect the newly adopted accounting policy, the valuation of the debt component has been established using a discount rate that is the equivalent of the interest rate that would be needed to finance subordinated debt without an attached equity component, which has been determined to be 18% based on the rate to be paid by the company on new Subordinated Debt as of June 22, 2007. Using this valuation methodology, the value of the liability portion of the debenture has been established at \$5,694,915 and the remaining \$305,085 value of the combined debenture allocated to its equity component, which consists of warrants and the debenture's conversion option. During the term of the debentures, the fair value will be accreted to their face value, with the accretion of the liability portion reported in net income as an adjustment of interest expense, and the accretion of the equity portion as a charge to retained earnings.

This change in the measurement basis of the convertible debenture has been applied retrospectively to the date the debentures and warrants were issued, with the comparative financial statements restated to reflect the change. The effect of this accounting policy change on the financial statements for the six months ended June 30, 2007 is provided as follows:

(o) Changes in accounting policy - Interest Capitalization

During the third quarter 2007, the Company adopted a new policy to capitalise interest associated with the construction of long term assets. The Company has commenced an extensive plant expenditure program in 2007 that is currently planned to occur over the next few years. Prior to July 1st, the majority of GLG's plant was acquired through the Runde acquisition in December 2006 (as described in Note 3). Accordingly, management has decided to adopt an interest capitalisation program as of July 1st.

The policy that GLG follows is as follows:

1. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset.
2. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.
3. Where funds were borrowed specifically to obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization shall be determined as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.
4. Where funds were not borrowed specifically to obtaining a qualifying asset, generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation shall be determined by applying a capitalization rate to the expenditures on that asset.
5. The capitalization rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

(p) Accounting Policy for Sales Incentives

The Company signed a 5 year supply agreement with a Strategic Customer in July of 2007. In conjunction with the signing of the 5 year supply agreement, The Company has granted three separate warrants to that customer. The Warrants are considered a sales incentive under CICA Handbook section 3870 paragraph 11. Accordingly the warrants were valued using Black Scholes Option Pricing Model to value the first warrant. The other two warrants cannot be measured at this time as they are dependent upon future stock pricing data. The value of the sales incentives will therefore be increased as stock pricing data becomes known and the warrants can be valued. This will occur in Q1/08 for the second warrant and Q1/09 for the third warrant. The value of the first warrant represents the sales incentive value established at the time the warrant was granted.

4. Results of Operations

During the nine months period ending September 30, 2007 the Company reported revenues of \$4,837,274 in sales from Runde (September 30, 2006 - NIL) and \$593,243 in procurement and royalty income (September 30, 2006 - \$416,534)

Consolidated Gross Margin for the nine months period ending September 30, 2007 was \$1,760,807 (September 30, 2006 - \$416,534).

Major expenses during the nine months period ending September 30, 2007 included \$215,164 in consulting fees (September 30, 2006 - \$242,959), \$205,975 in professional fees (September 30, 2006 - \$104,225), \$131,933 in travel (September 30, 2006 - \$27,220), \$334,214 on interest and bank charges (September 30, 2006 - NIL), , \$160,000 in Sponsorship Fees for TSX Listing Application and \$83,450 in salaries and wages (September 30, 2006 - \$Nil).

i. Selected Quarterly Information

Third Quarter	2007	2006
Revenues	\$2,258,810	\$184,821
Net income (loss) for the period	(\$142,556)	\$85,435
Income per share	(\$0.00)	\$ 0.00
Total Assets	\$33,576,818	\$2,846,586

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 \$
September 30, 2007	2,258,810	(142,556)	(0.00)
June 30, 2007	1,297,344	96,422	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

7. Balance sheet

Total assets were \$33,576,818 at September 30, 2007 compared with \$21,363,064 at December 31, 2006.

Accounts receivable of \$2,823,235 includes receivables of Runde, from YHT and interest accrued on notes receivable from YHT. Receivables of Runde equaled \$2,140,117 at September 30, 2007 (December 31, 2006 - \$229,636) Receivable from YHT equaled \$635,227.62 at September 30, 2007 (December 31, 2006 - \$228,642).

Prepaid and deposits of \$1,733,582 include deposit on inventory purchases as well as deposits on equipment for Manufacturing of \$1,508,605 (December 31, 2006 - 1,623,405) and \$224,977 other (December 31, 2006 - \$4,789). Loans receivable decreased to \$1,916,100 as of September 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 \$1,546,075 as at September, 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 \$4,068,251 represents the Canadian dollar amount of US\$7,000,000 advances received on June 22, 2007 and July 13th, 2007 from a major customer net of the value of the Sales Incentive (\$3,104,315) determined for the three warrants granted to a major customer. See note 9 in the notes to the financial statements for the period ending September 30th, 2007.

The share capital was \$19,612,759 and the contributed surplus was \$1,702,716 at September 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. The acquisition of stevia leaf and capital expenses for new facilities will make up the largest needs for cash as the Company moves forward with its business plan to grow the stevia aspect of its business.

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 but the acquisition of leaf during the quarter did account for a new purchasing cycle for the Company. This leaf purchasing cycle will become a normal part of operations but it was not 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 and has been somewhat mitigated by the exclusive growing agreements and the planned seed base acquisition. Profitability within the stevia division is largely dependent on the quality of the leaf that is purchased. The Company acquired enough stevia leaf this year to meet its contractual obligations to its major US customer but it also expects that due to the competitive nature of the leaf purchasing market this year that the high price paid for poor quality leaf will have a direct affect on the profitability of the finished product. The Company will continue 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 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. The agreements the Company signed during the period 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 this season was poor and the price was high as a result of the high demand. This may result in less profitability for finished goods manufactured from this year's crop.

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 of \$238,900 (September 30, 2006 - \$134,525) to one officer directly, one company that one officer is employed by and; to two companies separately controlled by two officers.
- b) Paid legal fees, disbursement and provincial sales taxes of \$60,704 (September 30, 2006 - \$44,639) to a law firm of which the Company's secretary is an associate counsel.
- c) Received income of \$593,243 (September 30, 2006 - \$416,534) from a company formally controlled by a former director for the procurement of goods. The director has terminated their role with the Company as of April 14th, 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.

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 two reportable segments of (1) royalty fees and the procurement of health and nutritional products, including protein and vitamin supplements, food supplements and dietary supplements and (2) stevia manufacturing and sales.

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

14. Subsequent Events

Subsequent to the period The Company signed a Third Amendment Agreement to the Purchase Agreement Dated January 01, 2007 which it has with Cargill, Incorporated. The amendment specifies the per kilo price of stevia, the shipping destination and the payment terms for the product to be supplied during the September 2007 through September 2008 contract year.

15. Outstanding Share Data as at September 30, 2007

(1) Common Shares Issued:	50,334,060
(2) Stock Options	5,568,067
(3) Escrow Agreement	6,613,269

16. Additional Information

a. Additional information relating to the Company is available on SEDAR (www.sedar.com).