GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Six Months Ended June 30, 2016

Dated: August 12, 2016

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated August 12, 2016. It provides a review of the financial results for the three and six months ended June 30, 2016, 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, 2016, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2015. 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, 2015. 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 RA 97, our best-selling high-grade stevia product, 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, 2015 (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

In July 2014, the IASB issued the final version of IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument.

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.

Change in accounting policies

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with a date of initial application of January 1, 2016:

Annual improvements 2012 - 2014

Annual improvements 2012-2014 are amendments that include changes from the 2012-14 cycle of annual improvements project that affect four standards: IFRS 5, "Non-current assets held for sale and discontinued operations"; IFRS 7, "Financial instruments - Disclosures"; IAS 19, "Employee benefits" and IAS 34, "Interim financial reporting". The amendment is effective to the Company as of January 1, 2016.

IAS 16, Property Plant and Equipment ("PPE") and IAS 41, Agriculture

IAS 16 and IAS 41 are amended to distinguish bearer plants from other biological assets and to require bearer plants to be classified as PPE and accounted for under IAS 16. The adoption of this standard resulted an increase of $10,691 in biological assets as of December 31, 2015.

Significant Accounting Estimates and Judgements

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, 2015.

Corporate and Sales Developments

ADM, GLG Partner to Bring Low-Calorie Stevia, Monk Fruit Sweeteners to Customers Worldwide

On June 6, 2016, Archer Daniels Midland Company (NYSE: ADM) and GLG Life Tech Corporation announced a new partnership to manufacture, market, sell and distribute low-calorie stevia and monk fruit sweeteners to customers around the globe.

Under the terms of the agreement, GLG will produce an extensive array of low-calorie sweeteners made from stevia and monk fruit, while ADM will be the exclusive global marketer and distributor of those ingredients to food and beverage companies worldwide.

Representatives of the companies had the following to say:

"More and more consumers are looking for healthier foods that are made with natural ingredients and taste great," said Rodney Schanefelt, Director, sugar and high intensity sweeteners, for ADM. "ADM is already helping customers meet that growing demand with our comprehensive portfolio of ingredients and flavors. Now, we're expanding that portfolio even further by offering customers around the world a wide array of great stevia and monk fruit sweeteners. We are pleased to partner with GLG, which has a demonstrated advantage in developing non-GMO stevia varietals and a pipeline of future innovative products."

"This partnership—combining GLG's capabilities and reputation as one of the largest, most trusted manufacturers of low-calorie sweeteners with ADM's global distribution capabilities and existing ingredient portfolio—offers tremendous opportunities for both companies and their customers," said Brian Meadows, GLG President and CFO. "Consumers are demanding healthy, delicious foods and drinks with clean labels, natural ingredients, and reduced added sugar—together, ADM and GLG will be the go-to source for food and beverage companies looking to meet that demand."

GLG Achieves Major Milestone in Debt Restructuring Plan

On July 26, 2016, GLG announced an important milestone in the Company's plan to restructure its China-based bank loans. Additionally, the Company successfully renewed a RMB 7 million bank loan with the Huishang Bank on July 1, 2016.

As of July 20th, 2016, four of five of the Company's 100% owned Chinese Wholly-Owned Foreign Enterprises ("WOFEs") were consolidated into a single entity (Chuzhou Runhai Stevia High Tech Company Limited or "Runhai") under Chinese law – and, significantly, Runhai is approved to become a Joint Stock Company ("JSC"). This form of corporation, under Chinese law, provides it considerable opportunities to raise capital. For example, Runhai will now be able to add Chinese investors, raise equity capital in China, and convert China-based debt into equity in the JSC. Post consolidation of the four China subsidiaries, the Company retains its 100% ownership of Runhai and all of the consolidated assets of the previous four China subsidiaries.

The three subsidiaries consolidated into Runhai are:

Anhui Bengbu HN Stevia High Tech Development Company Limited
Qingdao Runhao Stevia High Tech Company Limited
Dongtai Runyang Stevia High Tech Company Limited

One of the key outcomes of the conversion of Runhai into a JSC was the underlying agreed valuation of the consolidated Runhai entity. Runhai's total investment approval by the China Government is USD 120 million and its net assets are valued at USD 42 million. The difference between the asset valuation and net assets value provides Runhai USD 78 million available for debt conversion, additional working capital or equity raises.

GLG's subsidiary Qingdao Runde Biotechnology Co., Ltd. remains a 100% owned WOFE of GLG.

One particular benefit of reforming the Company's Chinese holdings into a JSC is that the limitations previously foreclosing the Company from access to Chinese debt and capital markets are gone. As a JSC, Runhai will be eligible to have its Chinese-held debt converted into equity shares at the subsidiary level, such that a major portion of that debt could be removed from the Company's balance sheet. GLG, with the PRC government's support, is in active discussions with Runhai's Chinese debt-holders to negotiate terms for a debt-equity swap, and is exploring multiple options for access to valuable working capital. The Company expects to retain a majority controlling interest in Runhai after any expected debt conversion into equity in Runhai. Further, Runhai will have the ability to solicit Chinese capital markets and investors for working and other capital, bolstered by a more attractive balance sheet and a strong appetite in China for growth opportunities.

The process to convert the four WOFEs into a single consolidated Joint Stock Company was unusually complex. To give perspective on this major accomplishment, GLG management had to work through ten different government agencies across three provinces and four cities in order to obtain the relevant approvals necessary to accomplish this important milestone.

With this foundational milestone completed, GLG's plan is to restructure its China debt by availing itself of one or more options now open to the Company. The Company also expects to gain access to new sources of working capital to facilitate its plans for substantial growth in its stevia, monk fruit, and GLG Naturals+ businesses.

Launch of GoZero™ Solutions

On February 1, 2016, GLG announced the launch of GoZero™ Solutions. This innovative portfolio provides GLG's customers with unparalleled natural and Non-GMO zero-calorie sweetener options and proprietary formulations tailored to our customers' specific calorie reduction needs.

The challenges to global food and beverage companies are well documented with respect to the need for reduced amounts of sugar in formulations. The global per capita sugar consumption peaked in the late 1990's; however, it has been declining ever since due to an increase in health awareness and prevalence of diet-related health conditions, such as diabetes. Moreover, government regulations and guidelines, such as sugar taxes in the US and Mexico, and new dietary guidelines limiting the amount of added sugar in foods have made it challenging for food and beverage manufacturers to continue to use the same amounts of sugar in their formulations as they have used in the past. Added to this challenge, consumers' willingness to consume artificial sweeteners has been declining due to a general mistrust in synthetic chemical compounds.

In fact, consumers are increasingly looking to incorporate natural, plant-based ingredients in their diets. The movement of the market toward zero-calorie, natural sweeteners has placed immense pressure on marketing, R&D and procurement teams to reformulate to reduce sugar and artificial sweeteners in their products.

However, the transition to stevia as a natural zero calorie sweetener has proved challenging due to its known aftertaste issues such as astringency and bitterness. But things are changing for the better, as GLG introduced

its newest product line to global food and beverage companies – GoZero™ Solutions – to address all these challenges with going zero.

GLG's GoZero™ Solutions offer:

1. Largest portfolio containing the most complete set of zero-calorie, natural sweeteners including stevia, enzymatically modified stevia, monk fruit and bitter blockers
2. Better tasting stevia and monk fruit with ClearTaste™ natural bitter blocker
3. Custom formulations for customers
4. Fast prototyping of reduced or zero calorie formulations for R&D groups
5. Superior taste and flavor profile tailored to specific food matrices
6. Fast response and support from our experienced support team
7. Cost effective solutions
8. Clean labels
9. Reduction in use of sugar while maintaining taste
10. Removal of artificial sweeteners from the formulation
11. Halal, Kosher, Non-GMO, and natural solutions
12. Organic and conventional format

GoZero™ Solutions is the result of over 15 years' hard work of more than 60 agricultural scientists, product innovation and food application specialists, and food engineers. This concerted effort enabled GLG to formulate a diverse product portfolio applicable to a wide range of food, beverage, and dietary supplement products that are cost-effective and superior in taste, flavor, and quality.

Major Advances in High-Purity Leaf for Reb M

On February 29, 2016, GLG announced a major agricultural breakthrough in its agricultural R&D program. Through this program, GLG aims to revolutionize the global food and beverage industry by providing companies with the ability to replace sugars and artificial sweeteners with naturally-sourced Rebaudioside M ("Reb M"). The program's latest accomplishment is a stevia leaf strain with Reb M levels more than ten times higher than conventional stevia leaf.

Reb M, one of several steviol glycosides found in the stevia plant, is highly desired in the industry as a natural, zero-calorie sugar and sweetener replacement, one that very closely resembles sugar. To date, the impediment to utilizing Reb M has been its scarce presence in the stevia leaf, making commercial use cost-prohibitive. Bringing a naturally-sourced Reb M extract to the market on a commercial scale requires a dramatic increase in the presence of Reb M glycosides in the leaf.

A dramatic increase in Reb M is just what GLG achieved. Through development of its Reb M seedling using its non-GMO patented breeding methodology, GLG has now produced more than a 1000% increase in Reb M levels in stevia leaf. Conventional stevia leaf has Reb M concentrations at less than 0.1% of dry leaf weight, and less than 1% of total steviol glycosides ("TSG"). In GLG's seedling, Reb M constitutes over 1% of dry leaf weight, and over 8% of the TSG's. Further, TSGs constitute about 13% of dry leaf weight in GLG's new seedling, which is above the industry average of 10-12% of dry leaf weight.

The 1000% increase in Reb M glycosides in its new variety is the result of two key factors: (1) an expanded Reb M seedling development program that GLG undertook in 2015 and (2) the 25 years' experience of its chief agronomist. The 2015 program involved evaluating thousands of different stevia strains, requiring an extensive program to identify and promote the most promising strains. GLG's 2014 breakthrough with its high Rebaudioside C ("Reb C") seedlings clearly demonstrated the promise of its patented Non-GMO seedling

hybridization technology to significantly increase scarce glycosides. And in 2015, GLG announced a stevia leaf strain with significantly enhanced levels of both Rebaudioside D ("Reb D") and Reb M. This latest achievement, focused specifically on Reb M, further demonstrates GLG's agricultural prowess.

GLG is in the process of filing for patent protection for its Reb D and Reb M seedlings. And GLG has filed two GRAS applications with the FDA for high-purity Reb D (GRN 548) and Reb M (GRN 512), with purity levels ranging from 80% to 95% to be used as a sweetener.

Partnership with MycoTechnology Corporation for Improved Taste of Stevia

On January 7, 2016, GLG, in conjunction with MycoTechnology Corporation ("MycoTech"), together announced a commercial partnership agreement to incorporate MycoTech's ClearTaste™ product to improve the taste of stevia and monk fruit. The partnership combines GLG's strengths in the natural sweetener space with the benefits of MycoTech's innovative ClearTaste product, a certified USDA organic bitter blocking technology, in order to improve the taste of stevia and monk fruit.

There is a major trend underway in which mass produced, low nutritional quality foods, loaded with added sugar, salt and fat are being replaced with healthy, natural, low and zero-calorie alternatives. The changing consumer landscape has food manufacturers looking for natural high-intensity sweetener alternatives such as stevia and monk fruit. However, food manufacturers have also struggled with stevia's aftertaste and astringent flavor profile.

MycoTech developed ClearTaste, derived from mushrooms, which as to stevia has the effect of removing its less desirable aftertaste. ClearTaste is a natural, GMO-free and chemical-free ingredient solution that works by harnessing the natural extracts found in gourmet mushrooms. The compounds are unique to fungi and are highly effective at improving the flavor profiles of stevia and monk fruit.

The initial term of the agreement is five years during which GLG will be MycoTech's preferred vendor of stevia and monk fruit products. GLG further enjoys certain exclusivities in the commercial agreement with MycoTech products and the agreement also allows GLG to work directly with MycoTech to produce new products using both companies' technology in return for purchase commitments with MycoTech.

Launch of P-Pro Plus

On March 9, 2016, GLG announced, in partnership with MycoTech, the launch of P-Pro Plus, a revolutionary product that complements the many benefits of pea protein with MycoTech's groundbreaking 100% natural and USDA Organic certified bitter blocker, ClearTaste™, to offer a pea protein without any of the taste profile issues many food, beverage, and dietary supplement manufacturers experience with pea protein by itself.

Pea protein has recently drawn a lot of attention for being highly sustainable, vegan, vegetarian-friendly, hypoallergenic, a good source of amino acids, easy to digest and a good alternative to soy protein products. Pea protein promotes not only its protein content, but also fiber, vitamins and minerals. As a legume, peas return nitrogen to the soil and are considered a highly sustainable food source. Increased demand for more sustainable protein globally and more vegan and allergen-free options is driving development of more plant-based protein sources. Pea protein products can replace a significant percentage of other proteins in many applications and can offer cost savings. Furthermore, pea protein isolate can replace soy isolate on a weight-for-weight basis without a negative organoleptic impact.

Adding plant protein sources to food and beverage applications presents some challenges, however, such as change in flavor profile of the finished product. The number one challenge faced by food and beverage formulators introducing or transitioning their products to include plant-based proteins, such as pea protein,

remains balancing the benefits of these natural ingredients with a taste profile that appeals to the mainstream palate. The partnership between GLG and MycoTech overcomes this challenge, providing food, beverage and sport supplement companies the ability to produce natural healthful products without the bitter taste profile and off-notes that are traditionally associated with pea protein.

P-Pro Plus offers not only the many benefits of regular pea protein, but also a taste profile that formulators and consumers alike will appreciate. We expect that this improved taste profile will broaden market appeal, reach new product segments and result in deeper market penetration of pea protein. P-Pro Plus is available in both conventional and organic varieties and in various mesh sizes and protein purity levels and can be tailored to your individual product needs.

Annual General Meeting

The Company held its Annual General Meeting on June 28, 2016, in Vancouver, B.C. The shareholders voted in all nominated directors, with favorable votes for each exceeding 99%. 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 2015 and the condensed interim consolidated financial statements for the six-month period ended June 30, 2016.

In thousands Canadian $, except per share amounts	3 Months Ended June 30		% Change	6 Months Ended June 30		% Change
	2016	2015		2016	2015	
Revenue	$4,329	$8,033	(46%)	$9,870	$14,200	(30%)
Cost of Sales	($4,326)	($7,141)	(39%)	($9,767)	($12,987)	(25%)
% of Revenue	(100%)	(89%)	(11%)	(99%)	(91%)	(8%)
Gross Profit (Loss)	$3	$892	(100%)	$103	$1,214	(92%)
% of Revenue	0%	11%	(11%)	1%	9%	(8%)
Expenses	($2,860)	($2,665)	7%	($5,958)	($5,166)	15%
% of Revenue	(66%)	(33%)	(33%)	(60%)	(36%)	(24%)
(Loss) from Operations	($2,857)	($1,773)	61%	($5,855)	($3,952)	48%
% of Revenue	(66%)	(22%)	(44%)	(59%)	(28%)	(31%)
Other Expenses	($1,164)	($1,741)	(33%)	($2,511)	($4,327)	(42%)
% of Revenue	(27%)	(22%)	(5%)	(25%)	(30%)	5%
Net (Loss) before Income Taxes	($4,021)	($3,514)	14%	($8,366)	($8,279)	1%
% of Revenue	(93%)	(44%)	(49%)	(85%)	(58%)	(26%)
Net (Loss)	($4,021)	($3,514)	14%	($8,366)	($8,279)	1%
% of Revenue	(93%)	(44%)	(49%)	(85%)	(58%)	(26%)
Loss per share (LPS, Basic & Diluted)	($0.11)	($0.09)	18%	($0.22)	($0.22)	0%
Other Comprehensive Income (Loss)	$623	$110	469%	$1,039	$645	61%
% of Revenue	14%	1%	13%	11%	5%	6%
Total Comprehensive (Loss)	($3,398)	($3,404)	(0%)	($7,327)	($7,635)	(4%)
% of Revenue	(78%)	(42%)	(36%)	(74%)	(54%)	(20%)

Revenue

Revenue for the three months ended June 30, 2016, was $4.3 million compared to $8.0 million in revenue for the same period last year, a decrease of 46%. Although revenues decreased, international stevia sales for the quarter increased by 27%, reflecting increasing demand internationally for GLG's stevia extracts. And international sales ($4.0 million) as a percentage of total sales (92%) were up by seven percentage points over the same period in 2016 ($6.8 million in international sales, or 85% of sales), a result of both the Company's continued preference for higher-purity extract sales internationally and a decline in lower-purity extract sales in China (China stevia sales were down 73% relative to second quarter 2015).

Off-setting the increased international stevia sales, both monk fruit sales and GLG Naturals+ sales decreased for the quarter (91% and 100% decreases, respectively). The decrease in monk fruit sales is largely a reflection of the different temporal distribution in orders in 2016 relative to 2015 attributable to a shift in our monk fruit business model. In 2015, our sole distribution partner placed the bulk of its orders for delivery in the first six months of the year. In 2016, we worked to transition from our prior monk fruit distribution partner to ADM as well as direct sales in the dietary supplement sector. This transition resulted in lower volumes sold initially, but GLG expects the majority of orders for its monk fruit inventories to come in the second half of the year. With respect to GLG Naturals+, the 2015 revenues comprised one customer whose product needs have since shifted.

Please see the Outlook section further below for more details on the Company's expectations for its different product lines.

Revenue for the six months ended June 30, 2016, was $9.9 million, a decrease of 30% compared to $14.2 million in revenue for the same period last year. The 30% decrease in revenue was attributable to a 26% decrease in international sales and a 51% decrease in China domestic sales. While overall international sales decreased by 26%, international stevia sales were up by 47% over the same period in 2015, reflecting increasing demand for GLG's stevia extracts. The increase in international stevia sales was offset by a 58% decrease in monk fruit sales and a 100% decrease in GLG Natural+ sales relative to the first six months of 2015, for the same reasons as described above for the three-month sales comparison. International sales accounted for 88% of total sales in the first six months of 2016 compared to 83% in the comparable period of 2015.

Cost of Sales

For the quarter ended June 30, 2016, the cost of sales was $4.3 million compared to $7.1 million in cost of sales for the same period last year (a decrease of $2.8 million or 39%). Cost of sales as a percentage of revenues was 100% for the first quarter 2016, compared to 89% for the comparable period (an 11% increase).

Cost of sales as a percentage of revenues for the second quarter, relative to the same period in 2015, improved for both stevia and monk fruit. However, these improvements were offset by two factors – no margin contribution from Naturals+ sales and an increase in idle capacity charges.

For the six month ended June 30, 2016, the cost of sales was $9.8 million compared to $13.0 million for the same period of last year (a decrease of $3.2 million or 25%). Cost of sales as a percentage of revenues was 99% for the first six months 2016, compared to 91% in the comparable period in 2015 (an 8% increase).

Cost of sales as a percentage of revenues for the first six months of the year, relative to the same period in 2015, improved for stevia, while the cost of sales for monk fruit as a percentage of revenues was slightly higher than in the same period for 2015. Idle capacity charges were also higher, but the biggest factor for the increase in cost of sales as a percentage of revenues relative to 2015 was no margin contribution from Naturals+ sales.

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 2016, and capacity charges of $1.5 million were charged to cost of sales (representing 16% of cost of sales) compared to $1.5 million charged to cost of sales in same period of 2015 (representing 11% 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, 2016, was nil, compared to $0.9 million for the comparable period in 2015. The gross profit margin was 0% in the second quarter 2016 and 11% for the same period in 2015.

The decrease in gross profit for the second quarter of 2016, relative to the comparable period in 2015, was attributable to: (1) the absence of gross profit contribution from GLG Naturals+ products in the second quarter of 2016, and (2) increased idle capacity charges in the second quarter of 2016 compared to the same quarter of 2015. The decrease in gross profit was partly offset by an increase in gross profit from international stevia products sales in the second quarter of 2016 compared to same quarter in 2015. Margins on international sales of high purity stevia and monk fruit improved over the comparable period in 2015.

Gross profit for the first six months in 2016 was $0.1 million, compared to $1.2 million for the same period in 2015. The gross profit margin was 1% in the first six months of 2016, compared to 9% in the same period in 2015. The decreased gross profit margin in the first six months of 2016 compared to the same period in 2015 was attributable to: (1) a changing mix of international products, comprising (a) an increase in international stevia sales with higher gross profit margins; (b) a decrease in international monk fruit sales with slightly lower gross profit margins; and (c) the absence of gross profit contribution from Naturals+ sales in 2016; and (2) decreased gross profit contribution from China domestic stevia sales.

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		% Change	6 Months Ended June 30		% Change
	2016	2015		2016	2015	
G&A Exp	($2,216)	($2,090)	6%	($4,609)	($3,996)	15%
Stock Based Compensation Exp	($256)	($340)	(25%)	($545)	($688)	(21%)
Amortization Exp	($388)	($235)	65%	($805)	($483)	67%
Total	($2,860)	($2,665)	7%	($5,958)	($5,166)	15%

G&A expenses for the three months ended June 30, 2016, was $2.9 million compared to $2.7 million in the same period in 2015. The $0.2 million increase in G&A expenses was due to increases in (1) salary and wages ($0.1 million) and (2) research and development expenses ($0.1 million).

Stock-based compensation was $0.3 million for the three months ended June 30, 2016, as well as for the comparable period in 2015. The number of common shares available for issue under the stock compensation

plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

G&A-related depreciation and amortization expenses for the three months ended June 30, 2016, were $0.4 million compared with $0.2 million for the same quarter of 2015.

G&A expenses for the first six months ended June 30, 2016, was $4.6 million compared to $4.0 million in the same period in 2015. The $0.6 million increase in G&A expenses was due to increases in (1) research and development expenses ($0.2 million), (2) salaries and wages ($0.2 million), and (3) professional fees ($0.2 million).

Stock-based compensation was $0.5 million for the six months ended June 30, 2016, compared with $0.7 million in the same quarter of 2015. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the quarter, compensation from vesting stock-based compensation awards was recognized, due to previously granted options and restricted shares.

G&A-related depreciation and amortization expenses for the six months ended June 30, 2016, were $0.8 million compared with $0.5 million for the same quarter of 2015.

Other Expenses

In thousands Canadian $	3 Months Ended	June 30	% Change	6 Months Ended	June 30	% Change
	2016	2015		2016	2015	
Other (Expenses)	($1,164)	($1,741)	(33%)	($2,511)	($4,327)	(42%)
% of Revenue	(27%)	(22%)	(5%)	(25%)	(30%)	5%

Other expenses for the three months ended June 30, 2016, was $1.2 million, a $0.5 million improvement compared to $1.7 million for the same period in 2015. The decrease in other expenses for the second quarter of 2016 of $0.5 million is attributable to (1) a decrease in interest expenses ($0.1 million), (2) a decrease in inventory obsolescence ($0.2 million), (3) a decrease in foreign exchange loss ($0.2 million), and (4) an increase in other income from an insurance policy payout ($1.0 million); these factors were offset by (5) a decrease in sales tax recovery ($1.0 million).

Other income and expenses for the six months ended June 30, 2016, was $2.5 million, a $1.8 million decrease compared to $4.3 million for the same period in 2015. The decrease in other income and expenses for the first six months of 2016 of $1.8 million is attributable to (1) an increase in bad debt recovery ($0.2 million), (2) a decrease in inventory obsolescence ($0.2 million), (3) an increase in foreign exchange gain ($2.0 million), and (4) an increase in other income from an insurance policy payout ($1.0 million); these were offset by (5) a decrease in sales tax recovery ($1.3 million), (6) an increase in interest expenses ($0.1 million) and (7) a decrease in prepaid expense recovery ($0.1 million).

Foreign Exchange Gains (Losses)

Exchange rates Noon rate (as compared to the Canadian $)	2016 30-Jun	2016 31-Mar	2015 31-Dec	2015 30-Sep	2015 30-Jun	2015 31-Mar	2014 31-Dec	2014 30-Sep
U.S. Dollars	0.7687	0.7710	0.7225	0.7466	0.8017	0.7885	0.8620	0.8922
Chinese RMB	5.1099	4.9727	4.6926	4.7461	4.9702	4.8876	5.3505	5.4765

Exchange rates Noon rate (as compared to the US $)	2016 30-Jun	2016 31-Mar	2015 31-Dec	2015 30-Sep	2015 30-Jun	2015 31-Mar	2014 31-Dec	2014 30-Sep
Chinese RMB	6.6443	6.44935	6.4952	6.3569	6.1998	6.1989	6.2071	6.1380

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, 2016, the exchange rate for RMB per Canadian dollar was 5.1099 compared to the exchange rate of 4.6926 as at December 31, 2015, reflecting a depreciation of the RMB against the Canadian dollar. As at June 30, 2016, the exchange rate for USD per Canadian dollar was 0.7687 compared to the exchange rate of 0.7225 as at December 31, 2015, reflecting a depreciation of the USD against the Canadian dollar. The balance of the AOCI was $12.6 million on June 30, 2016, compared to a balance of $11.5 million as at December 31, 2015.

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 $0.1 million for the second quarter of 2016 compared to the foreign exchange loss of $0.5 million for the comparable period in 2015. Foreign exchange gain was $1.0 million for the six-month period in 2016 compared to the foreign exchange loss of $0.9 million for the comparable period in 2015. The majority of the foreign exchange losses 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 September 30, 2014, to June 30, 2016, 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
	2016	2015		2016	2015	
Net Loss	($4,021)	($3,514)	14%	($8,366)	($8,279)	1%
% of Revenue	(93%)	(44%)	(49%)	(85%)	(58%)	(26%)

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 $0.5 million increase in net loss was driven by (1) a decrease in gross profit ($0.9 million) and (2) an increase in G&A expenses ($0.2 million), which were offset by (3) a decrease in other expenses ($0.6 million).

For the six months ended June 30, 2016, the Company had a net loss of $8.4 million, an increase of $0.1 million or 1% over the comparable period in 2015 ($8.3 million loss). The $0.1 million increase in net loss was attributable to a decrease in gross profit ($1.1 million) and (2) an increase in G&A expenses ($0.8 million), which were offset by (3) a decrease in other expenses ($1.8 million).

Comprehensive Loss

In thousands Canadian $	3 Months Ended June 30 2016	2015	% Change	6 Months Ended June 30 2016	2015	% Change
Net Loss	($4,021)	($3,514)	14%	($8,366)	($8,279)	1%
Other Comprehensive	$623	$110	469%	$1,039	$645	61%
% of Revenue	14%	1%	13%	11%	5%	6%
Total Comprehensive Loss	($3,398)	($3,404)	0%	($7,327)	($7,635)	(4%)

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 $3.4 million for the three months ended June 30, 2015, comprising $3.5 million of net loss and $0.1 million of other comprehensive income.

The Company recorded total comprehensive loss of $7.3 million for the six months ended June 30, 2016, comprising $8.4 million of net loss and $1.0 million of other comprehensive income. The Company recorded total comprehensive loss of $7.6 million for the six months ended June 30, 2015, comprising $8.2 million of net loss and $0.6 million of other comprehensive income.

Summary of Quarterly Results

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

Quarterly Net Loss

In thousands Canadian $, except per share amounts	2016 Q2	2016 Q1	2015 Q4	2015 Q3	2015 Q2	2015 Q1	2014 Q4 Restated	2014 Q3
Revenue	$4,329	$5,541	$7,357	$8,808	$8,033	$6,168	$7,535	$3,775
Gross Profit $	$3	$99	$236	$109	$892	$322	$2,580	($2,078)
Gross Profit %	0%	2%	3%	1%	11%	5%	34%	(55%)
Net Loss	($4,021)	($4,345)	($11,580)	($5,850)	($3,514)	($4,790)	($20,438)	($6,792)
Basic Income (Loss) Per Share	($0.11)	(0.11)	($0.31)	($0.15)	($0.09)	($0.13)	($0.60)	($0.20)
Diluted Income (Loss) Per Share	($0.11)	(0.11)	($0.31)	($0.15)	($0.09)	($0.13)	($0.60)	($0.20)

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

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

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

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

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

For the three months ended March 31, 2015, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.2 million or a 4% improvement over the comparable period in 2014 ($5.0 million loss). The decrease in net loss was driven by (1) increased gross profit ($0.9 million), which was offset by (2) an increase in G&A expenses ($0.6 million) and (3) an increase in other expenses ($0.1 million).

For the three months ended December 31, 2014, the Company had a net loss attributable to the Company of $20.4 million, an increase of $17.0 million or a 496% increase over the comparable period in 2013 ($3.4 million loss). The increase in net loss was driven by (1) an increase in other expenses of $13.5 million due to $6.0 million property, plant and equipment impairment, $5.2 million sales tax recoverable impairment, $2.1 million inventory impairment, $0.4 million loss from convertible note conversation, $0.6 million prepaid expenses impairment, $0.5 million in interest expenses, $0.8 million foreign exchange loss, and $0.4 million in other expenses and offset by decreased bad debt expenses of $2.5 million; these impairments were offset by (2) a decrease in gross profit ($1.6 million) and a decrease in gain from discontinued operations ($2.0 million), which were offset by (3) a decrease in income tax expense ($0.1 million).

For the three months ended September 30, 2014, the Company had a net loss attributable to the Company of $6.8 million, a decrease of $5.7 million or a 45% improvement over the comparable period in 2013 ($12.5 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($8.4 million). These decreases in other expenses were offset by (2) a decrease in gross profit ($0.4 million), (3) an increase in G&A expenses ($0.4 million) and (4) a decrease in gain from discontinued operations ($1.9 million).

Quarterly Basic and Diluted Loss per Share

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

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

The basic loss and diluted loss per share from operations was $0.31 for the three months ended December 31, 2015, compared with a basic and diluted net loss from both continuing and discontinued operations of $0.60 for

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

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

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

The basic loss and diluted loss per share was $0.13 for the first quarter of 2015 compared with a basic and diluted net loss of $0.15 for the comparable period in 2014. For the three months ended March 31, 2015, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.2 million over the comparable period in 2014 ($5.0 million loss). The decrease in net loss was driven by (1) increased gross profit ($0.9 million), which was offset by (2) an increase in G&A expense ($0.6 million) and (3) an increase in other expenses ($0.1 million).

The basic loss and diluted loss per share from operations was $0.60 for the three months ended December 31, 2014, compared with a basic and diluted net loss from both continuing and discontinued operations of $0.10 for the same period in 2013. For the three months ended December 31, 2014, the Company had a net loss attributable to the Company of $20.4 million, an increase of $17.0 million or a 495% increase over the comparable period in 2013 ($3.4 million loss). The increase in net loss was driven by (1) an increase in other expenses ($13.5 million), (2) a decrease in gross profit ($1.6 million) and (3) a decrease in gain from discontinued operations ($2.0 million), offset by (4) a decrease in income tax expense ($0.1 million).

The basic loss and diluted loss per share from operations was $0.20 for the third quarter of 2014 compared with a basic and diluted net loss from both continuing and discontinued operations of $0.37 for the same period in 2013. For the three months ended September 30, 2014, the Company had a net loss attributable to the Company of $6.8 million, a decrease of $5.7 million or a 45% improvement over the comparable period in 2013 ($12.5 million loss). The decrease in net loss was driven by (1) a decrease in other expenses ($8.4 million). This decrease in other expenses was offset by (2) a decrease in gross profit ($0.4 million), (3) an increase in G&A expenses ($0.4 million) and (4) a decrease in gain from discontinued operations ($1.9 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 2016 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, 2016, was $0.9 million or 20% of second quarter revenues compared to $1.4 million or 17% of second quarter revenues in 2015. Gross profit before capacity charges as a percentage of revenues increased from the comparable period due to an increase in margins for both stevia and monk fruit product sales in the second quarter of 2016 compared to the comparable period in 2015.

Gross profit before capacity charges for the six months ended June 30, 2016, was $0.8 million or 17% of six-month revenues compared to $2.7 million or 19% of six-month revenues in 2015. Gross profit before capacity charges as a percentage of revenues decreased by 2 percentage points from the comparable period due to (1) a slight decrease in margins for monk fruit sales, (2) no profit contribution from GLG Naturals+ sales in the first six months of 2016, and (3) the effect of first-quarter 2015 Chinese low-purity stevia sales with increased margins due to materially written-down carrying costs for the underlying inventory arising from one-time impairment charges in 2014; these factors were largely offset by (4) improved international stevia margins.

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
	2016	2015		2016	2015	
Loss Before Income Taxes	($4,021)	($3,514)	14%	($8,366)	($8,279)	1%
Add:						
Provisions for inventories impairment	$2	$196	(99%)	$10	$196	(95%)
Recoveries for receivables	($15)	($149)	(90%)	($527)	($304)	73%
Provision for prepaids	$8	$125	(93%)	($26)	($68)	(61%)
Provision for sales taxes recoverable	$0	($1,010)	(100%)	$0	($1,382)	(100%)
Loss on disposal of property, plant & equipment	$7	$0	0%	$7	$0	0%
Net Interest Expense	$2,399	$2,545	(6%)	$5,125	$4,981	3%
Depreciation and Amortization	$1,380	$1,662	(17%)	$2,710	$2,956	(8%)
Foreign Exchange Gain & Loss	($146)	$47	(412%)	($1,045)	$900	(216%)
Non-Cash Share Compensation	$256	$340	(25%)	$545	$688	(21%)
EBITDA	($129)	$241	(154%)	($1,568)	($313)	402%
EBITDA as a % of revenue	(3%)	3%	(6%)	(16%)	(2%)	(14%)

EBITDA for the three months ended June 30, 2016, was negative $0.1 million or negative 3% of revenues, compared to $0.2 million or 3% of revenues for the same period in 2015. The 6 percentage point decrease in EBITDA is primarily attributable to lower gross profit, an increase in sales, general and administrative expenses and foreign exchange gain and loss.

EBITDA for the six months ended June 30, 2016, was negative $1.6 million or negative 16% of revenues, compared to negative $0.3 million or negative 2% of revenues for the same period in 2015. The decrease in EBITDA for the six months is primarily attributable to lower gross profit, an increase in sales, general and administrative expenses, and foreign exchange gain and loss.

Outlook

Our international stevia revenues have had significant increases for the six months ended June 30, 2016, and are up 47% over the same period in 2015. We expect to see further improvements over time in our international stevia sales in light of the recently announced global partnership with ADM for the sale of stevia and monk fruit.

We have already begun to see substantial impact from this partnership in terms of new sales and revenue growth. With the agreement in place, we immediately have a firm basis to expect our stevia volumes to increase significantly due to the existing stevia business ADM currently has, which will transition to GLG. As ADM leverages its existing customer relationships, distribution channels, and ingredient expertise, we expect international stevia revenues to continue to experience even greater growth relative to present sales levels. We are already seeing significant sales opportunities arising from the ADM agreement. Further, the relationship with ADM presents opportunities to develop and deliver new stevia products that have not historically been part of our portfolio. Between new products, immediate product demand from ADM, and the great potential given ADM's global presence to supply many more customers worldwide, we expect to see continued growth in the next twelve to eighteen months.

We similarly expect that the ADM relationship will benefit our monk fruit product line. Over the past several months, we have worked to transition from our prior monk fruit distribution partner to ADM and direct sales in the dietary supplement sector. While the transition caused some lag in sales, we expect to bring those sales to a close later this year and for our monk fruit volume to be comparable to last year's monk fruit volumes. Further, with ADM now selling our monk fruit products, we expect good growth opportunities ahead for our monk fruit product line over the next twelve to eighteen months.

ADM's decision to partner with GLG validates our long-held position that GLG is the agricultural leader in the stevia space and a leading product innovator. ADM cited our "demonstrated advantage in developing non-GMO stevia varietals" and our "pipeline of future innovative products" as two reasons for its decision to partner with GLG.

With respect to our Naturals+ product line, we expect to replace last year's product revenues with new/differentiated products such as our P-Pro Plus product. Pea Protein continues to be a high growth area as Food and Beverage companies are looking for healthier alternatives by using plant-based proteins in their products. Our product has been recently profiled in several publications and awareness is growing. P-Pro Plus, offers not only the many benefits of regular pea protein, but also a taste profile that formulators and consumers alike appreciate. We expect that this improved taste profile will broaden market appeal, reach new product segments and result in deeper market penetration of pea protein. We have a number of companies currently sampling and formulating with our better tasting pea protein.

We have developed other products for which we are also seeing great customer interest. Additionally, we have been sourcing and working with a variety of other ingredients of interest to current and new customers globally. We expect sales to commence in the fourth quarter of 2016 and to develop over the next twelve months.

Liquidity and Capital Resources

In thousands Canadian $	30-Jun-16	31-Dec-15
Cash and Cash Equivalents	$ 1,958	$ 2,327
Working Capital	$ (89,603)	$ (92,078)
Total Assets	$ 63,583	$ 76,038
Total Liabilities	$ 136,575	$ 142,249
Loan Payable (<1 year)	$ 64,292	$ 70,009
Loan Payable (>1 year)	$ 30,062	$ 30,321
Total Equity	$ (72,993)	$ (66,210)

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 $94.3 million as of June 30, 2016, a decrease of $6.0 million compared to the total loans payable as at December 31, 2015 ($100.3 million). The decrease in loans was primarily driven by the depreciation of the USD against the Canadian dollar ($8.0 million), which was offset by accrued interest of $2.0 million as of June 30, 2016.

The Company successfully renewed a RMB 7 million bank loan with the Huishang Bank on July 1, 2016.

The Company recently achieved a major milestone in its debt restructuring efforts. As of July 20th, 2016, four of five of the Company's 100% owned Chinese Wholly-Owned Foreign Enterprises ("WOFEs") were consolidated into a single entity (Chuzhou Runhai Stevia High Tech Company Limited or "Runhai") under Chinese law – and, significantly, Runhai is approved to becsome a Joint Stock Company ("JSC"). This form of corporation, under Chinese law, provides it considerable opportunities to raise capital. For example, Runhai will now be able to add Chinese investors, raise equity capital in China, and convert China-based debt into equity in the JSC. Post consolidation of the four China subsidiaries, the Company retains its 100% ownership of Runhai and all of the consolidated assets of the previous four China subsidiaries.

The three subsidiaries consolidated into Runhai are:

Anhui Bengbu HN Stevia High Tech Development Company Limited
Qingdao Runhao Stevia High Tech Company Limited
Dongtai Runyang Stevia High Tech Company Limited

GLG's subsidiary Qingdao Runde Biotechnology Co., Ltd. remains a 100% owned WOFE of GLG.

One of the key outcomes of the conversion of Runhai into a JSC was the underlying agreed valuation of the consolidated Runhai entity. Runhai's total investment approval by the China Government is USD 120 million and its net assets are valued at USD 42 million. The difference between the asset valuation and net assets value provides Runhai USD 78 million available for debt conversion, additional working capital or equity raises.

One particular benefit of reforming the Company's Chinese holdings into a JSC is that the limitations previously foreclosing the Company from access to Chinese debt and capital markets are gone. As a JSC, Runhai will be eligible to have its Chinese-held debt converted into equity shares at the subsidiary level, such that a major portion of that debt could be removed from the Company's balance sheet. GLG, with the PRC government's support, is in active discussions with Runhai's Chinese debt-holders to negotiate terms for a debt-equity swap,

and is exploring multiple options for access to valuable working capital. The Company expects to retain a majority controlling interest in Runhai after any expected debt conversion into equity in Runhai. Further, Runhai will have the ability to solicit Chinese capital markets and investors for working and other capital, bolstered by a more attractive balance sheet and a strong appetite in China for growth opportunities.

With this foundational milestone completed, GLG's plan is to restructure its China debt by availing itself of one or more options now open to the Company. GLG is in active discussions with debt-holders and other potential investors/financiers as it evaluates options for debt restructuring and capital generation.

Cash Flows: Three Months Ended June 31, 2016 and 2015

Cash generated in operating activities was $0.6 million in the three-month period ended June 30, 2016, compared to $4.0 million generated by operating activities in the same period of 2015. Cash generated in operating activities decreased by $3.4 million year-over-year. Cash used in operations prior to changes in non-cash working capital is $0.8 million more than the same period last year. Non-cash working capital decreased by $4.2 million in the current period compared to the same period in 2015. The $4.2 million decrease in cash generated by non-cash working capital in the three months ended June 30, 2016, relative to the comparable 2015 period, was due to (1) a decrease in cash generated from inventory ($2.5 million), (2) a decrease in cash generated from interest payable ($1.5 million), (3) a decrease in cash generated from accounts payable and other payables ($0.5 million), and (4) a decrease in cash generated from taxes recoverable ($0.6 million); these were offset by (5) an increase in cash generated from prepaid expenses ($0.5 million) and (6) an increase in cash generated due to deferring payments on due-to-related-party interest expenses ($0.4 million).

Cash used by investing activities was $0.04 million during the second quarter of 2016 related to the purchase of equipment, compared to cash used by investing activities of $0.3 million in the same period in 2015.

Cash used from financing activities was $0.03 million in the second quarter of 2016 in interest expenses, compared to $0.5 million cash generated related to the issuance of long-term loans partly offset by loan repayments in the same period in 2015.

Cash Flows: Six Months Ended June 31, 2016 and 2015

Cash used in operating activities was $0.7 million in the six-month period ended June 30, 2016, compared to $2.9 million generated by operating activities in the same period of 2015. Cash generated in operating activities decreased by $3.6 million year-over-year. Cash used in operations prior to changes in non-cash working capital is $0.8 million more than the same period last year. Non-cash working capital decreased by $4.4 million in the current period compared to the same period in 2014. The $4.4 million decrease in cash generated by non-cash working capital in the six months ended June 30, 2016, relative to the comparable 2015 period, was due to (1) a decrease in cash generated from inventory ($3.6 million), (2) a decrease in cash generated from interest payable ($2.2 million), (3) a decrease in cash generated from accounts payable and other payables ($0.7 million), and (4) a decrease in cash from taxes recoverable ($0.6 million); these were offset by (5) a decrease in cash used in prepaid expenses ($0.4 million), (6) an increase in cash generated due to deferring payments on due-to-related-party interest expenses ($0.4 million) and (7) an increase in cash generated from accounts receivables ($1.9 million).

Cash used by investing activities was $0.3 million during the six-month period of 2016 related to the purchase of equipment. Cash used by investing activities was $0.3 million in the same period in 2015.

Cash used from financing activities was $0.1 million in the six-month period of 2016 compared to $0.4 million cash generated in the same period in 2015. The $0.5 million decrease of cash generated from financing was

primarily due to a decrease in issuance of long-term loans ($0.9 million), which was offset by a decrease in cash used in long-term loan repayment ($0.1 million) and repayment of due to related party loans ($0.3 million).

Financial Resources

Cash and cash equivalents decreased by $0.4 million during the six months ended June 30, 2016, from December 31, 2015. Working capital improved by $2.5 million from the year-end 2015 position to negative $89.6 million. The working capital increase is attributed to (1) decreases in short-term loans ($5.7 million) due to foreign exchange gains and (2) a decrease in accounts payable balance ($1.3 million) resulting from a decrease in accounts payable of $0.2 million and unrealized foreign exchange gain of $1.2 million, offset by (3) a decrease in current assets ($3.1 million) and (4) an increase in interest payable balance ($1.4 million) due to an increase in interest payable of $2.8 million offset by unrealized foreign exchange gain of $1.4 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 - 2015 (these impairments totaled approximately $63 million as of December 31, 2015). See above section on Liquidity and Capital Resources for additional details on the Company's debt restructuring initiative.

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

Balance Sheet

As at June 30, 2016, in comparison to December 31, 2015, the total assets decreased by $12.5 million. This decrease was split between a decrease in current assets of $3.1 million and a decrease in fixed assets of $9.4 million.

The decrease in the current assets was driven by decreases in (1) cash and cash equivalents ($0.4 million), (2) inventory ($1.9 million), (3) sales taxes recoverable ($0.6 million) and (4) accounts receivable ($0.2 million).

The net decrease in the fixed assets of $9.4 million was due primarily to (1) a depreciation of the RMB against the Canadian dollar ($7.2 million) and (2) a decrease in amortization ($2.4 million), which were offset by an increase of capital additions ($0.2 million).

Current liabilities decreased by $5.6 million as at June 30, 2016, in comparison to December 31, 2015. The $5.6 million decrease was driven by (1) a depreciation of the RMB against the Canadian dollar ($8.2 million) and (2) an increase in accounts payable ($0.2 million), which were offset by (3) an increase in interest payable ($2.8 million).

Long-term liabilities decreased by $0.1 million. This decrease was driven by an increase from depreciation of the USD to the Canadian dollar ($2.2 million), mostly offset by an increase in accrued interest from related parties ($1.9 million) and an increase in liabilities on derivatives ($0.2 million).

Shareholders' equity decreased by $6.8 million due to an increase in deficit ($8.4 million), which was offset by an increase in share capital and contributed surplus ($0.4 million) from the vesting of restricted shares and stock

options, an increase in accumulated other comprehensive income ($1.0 million) and an increase in contributed surplus ($0.2 million).

Short-Term and Long-Term Loans

The Company's short-term loans consisted of borrowings from various banks in China as follows:

Bank Loans as at June 30, 2016

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 587,096	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,479,559	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	1,956,985	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	1,913,932	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	10,092,584	51,572,096	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,655,884	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	15,496,362	79,184,858	On Demand	11.97%	Bank of Communication
	3,416,403	17,457,477	On Demand	9.24%	China Cinda Assets Management Anhui Branch
	8,322	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	1,369,890	7,000,000	July 1, 2016	5.82%	Huishang Bank
	5,870,956	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,444,084	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$ 64,291,978	328,525,978			

Short-term	$ 64,291,978	328,525,978
Long-term	$ -	-

Bank Loans as at December 31, 2015:

	Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
	$ 639,304	3,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	5,966,841	28,000,000	On Demand	7.71%	China Hua Rong Assets Management Shandong Branch
	2,131,015	10,000,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	2,084,132	9,780,000	On Demand	7.13%	China Hua Rong Assets Management Shandong Branch
	10,990,090	51,572,096	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	17,048,118	80,000,000	On Demand	6.48%	China Hua Rong Assets Management Shandong Branch
	16,874,410	79,184,858	On Demand	11.97%	Bank of Communication
	3,720,214	17,457,477	On Demand	9.24%	China Cinda Assets Management Anhui Branch
	9,062	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
	1,491,710	7,000,000	July 1, 2016	5.82%	Huishang Bank
	6,393,044	30,000,000	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
	2,661,430	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
Short-term	$ 70,009,287	328,525,978			

Short-term	$ 70,009,287	328,525,978
Long-term	$ -	-

See the discussion under the Liquidity and Capital Resources section above regarding the Company's efforts to restructure its Chinese debt in 2016. The Company successfully renewed the RMB 7 million bank loan with the Huishang Bank on July 1, 2016.

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

Long-term Borrowing from Private Lenders:

December 31, 2014	$	2,010,965
Additions		1,284,948
Repayments		(1,210,365)
Foreign currency translation		321,720
December 31, 2015	$	2,407,268
Additions		-
Repayments		-
Foreign currency translation		(172,997)
June 30, 2016	$	2,234,271

This loan balance consists of two loans.

The first loan principal and accrued interest amount as of June 30, 2016, is $1,201,148 (2015 - $1,200,118) and bears interest at 11.50% per annum. The loan will be payable on October 31, 2017, and does not have any attached covenants.

The second loan principal and accrued interest amount as of June 30, 2016, is $1,676,013 (2015 - $1,647,834) and bears interest at 20% per annum. The loan will be payable on October 31, 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 $19,678 (2015 - $10,711), 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	0.89%
Expected life of the loan	3 years
Expected foreign currency volalitity	6.22%

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, 2016, 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, 2016, 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, 2015, 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, 2016, and will each be renewed for another five-year term. The annual minimum of each lease payment is approximately $101,500 (RMB 500,000).

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

- In the first 5 years the rent expense is approximately $2,034 (10,000CNY) per year
- In the second 5 years the rent expense is approximately $2,376 (11,680CNY) per year
- In the third 5 years the rent expense is approximately $2,775 (13,642CNY) per year (the Company is currently at this rate)
- In the fourth 5 years the rent expense is approximately $3,241 (15,934CNY) per year

The Company also signed another rental agreement with the same vendor from Nov 8, 2006, to Nov 7, 2036. The

annual rental expense is approximately $5,812 (28,576CNY).

The Company completed a five-year office lease term on May 31, 2016, for its corporate headquarters in Vancouver, BC. The Company entered into a new eight-year agreement for corporate headquarters in Richmond, BC, beginning August 1, 2016; it will expire on July 31, 2024. The annual minimum of the new lease payments is approximately $128,040. The six-month lease payments ended June 30, 2016 is $62,579 (2015 – $77,904).

The minimum cash payments related to the above are summarized below:		Amount
2016	$	256,350
2017		299,030
2018		299,030
2019		331,040
Thereafter		1,010,310
Total	$	2,195,760

Capital Structure

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

	30-Jun-16	31-Dec-15
Common Shares Issued	37,890,336	37,890,336
Reserved For Issuance	-	-
Stock Options	3,249,392	3,409,419
Total Reserved For Issuance	3,249,392	3,409,419
Fully Diluted Shares	41,139,728	41,299,755

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

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			
		2016		2015		2016		2015
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$	228,982	$	261,314	$	468,280	$	481,157
Share-based benefits	$	247,399	$	352,929	$	524,975	$	690,693
Total remuneration	$	476,381	$	614,243	$	993,255	$	1,171,850

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, 2016.

b) Amount Due to Related Parties

As of June 30, 2016, the Company has accrued $1,845,412 (2015 - $1,779,231) in consulting fees to the Company's Chairman and Chief Executive Officer.

As of June 30, 2016, 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 $24,439,017 (2015 - $24,595,160). 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, 2016, 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 $6,280,178 (2015 - $6,159,251) 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 $30,719,196 (2015 - $30,754,411) of which $2,891,290 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 lenders in either RMB or USD using a fixed foreign exchange rate of 6.1234. This option results in a liability of $346,979 (2015 - $195,206), 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.

Loan balance as of June 30, 2016

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 7,806,995	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	1,291,147	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	4,268,210	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	325,224	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	4,668,447	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$ 18,360,023**					
Accrued interest	**12,359,173**					
	$ 30,719,196					

Loan balance as of December 31, 2015

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 9,996,730	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	2,159,129	October 11, 2012	October 11, 2018	Unsecured	Category 1	Chairman and CEO
	3,085,979	May 30, 2013	May 30, 2018	Unsecured	Category 2	Chairman and CEO
	346,021	November 15, 2013	November 15, 2018	Unsecured	Category 1	Chairman and CEO
	7,305,175	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
	$ 22,893,034					
Payments	**(757,863)**	April 27, 2012	April 27, 2018	Unsecured	Category 1	Chairman and CEO
	(2,246,104)	October 20, 2014	October 20, 2017	Unsecured	Category 3	Direct family member of CEO
Principal amounts	**$ 19,889,067**					
Accrued interest	**10,865,344**					
	$ 30,754,411					

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%

c) Subsidiaries

The followings are the subsidiaries of the Company:

	Jurisdiction of incorporation	Ownership Interest 2016	Ownership Interest 2015	Functional Currency
Subsidiaries				
Agricultural High Tech Developments Limited	Marshall Islands	100%	100%	HKD
Anhui Bengbu HN Stevia High Tech Development Company Limited	China	100%	100%	RMB
Chuzhou Runhai Stevia High Tech Company Limited	China	100%	100%	RMB
Dongtai Runyang Stevia High Tech Company Limited	China	100%	100%	RMB
Qingdao Runde Biotechnology Company Limited	China	100%	100%	RMB
Qingdao Runhao Stevia High Tech 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, 2016, 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, 2016. 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, 2016, the Company's internal control over financial reporting were effective.

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

Risks Related to the Company's Business

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

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

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

- Volatility of Share Prices

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

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

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

Additional Information

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