GLG LIFE TECH CORPORATION

MANAGEMENT DISCUSSION & ANALYSIS

For the Three and Nine Months Ended September 30, 2019

Dated: November 14, 2019

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") of GLG Life Tech Corporation is dated November 14, 2019. It provides a review of the financial results for the three and nine months ended September 30, 2019, 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 nine months ended September 30, 2019, as well as the annual consolidated financial statements and notes thereto and the MD&A of GLG for the year ended December 31, 2018. 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, plant 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 the 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, 2018. 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 thereof. 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 extracts and high-quality monk fruit extracts. While stevia has long been the foundation of our company, over the last four 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 and monk fruit extracts to the food and beverage industry; we have also recently introduced a new line of retail table-top sweetener products.

We conduct our stevia and monk fruit development, refining, processing and manufacturing operations through a 67.08% owned subsidiary in China. Our stevia operations in China include four processing factories, stevia growing areas across 10 growing regions, and research and development centers engaged in product innovation and the development of high-yielding stevia seeds and seedlings. Our processing facilities have a combined annual capacity of 41,000 metric tons of stevia leaf, over 1,500 metric tons of high-purity stevia extract, and 130 metric tons of high-purity monk fruit extract.

Corporate and Sales Developments

New Executive Management Team

Earlier this year, under the guidance of the Company's Board of Directors, including its Chairman and Chief Executive Officer, Dr. Luke Zhang, the Company formed a new executive management team to help the Company improve its financial position, develop new strategic initiatives, and implement best practices in corporate governance, financial planning and analysis, and sales and operations planning.

On January 2, 2019, the Company announced that it had hired one of its Directors, Mr. Paul Block, to serve as President of the Company. Mr. Block assumed that role when the former President, Mr. Brian Meadows, resigned from that role. At that time, the Company also announced that it had promoted Mr. Simon Springett to Chief Operating Officer of the Company. On April 11, 2019, the Company announced that it had hired Mr. Eric Finnsson to serve as Chief Financial Officer of the Company. Together, Dr. Zhang, Mr. Block, Mr. Springett, and Mr. Finnsson make up the Company's executive management team.

Company Outlook

One of the most critical items that management is addressing is the development and implementation of plans to stem the losses that the Company has suffered in recent years and to ameliorate the Company's financial position. As a result of those sustained losses, the Company lacks the cash necessary to fully fund the business operations and its strategic product initiatives. The Company is managing its cash flows carefully to mitigate risk of insolvency. Management has been successful in improving the Company's cash outlook during the third quarter, compared to earlier in the year. Nevertheless, without an infusion of cash in the months ahead, the Company may not be able to realize its strategic plans and could eventually cease to be a going concern.

To address that cash need, management has prioritized the sale of its idle assets to generate cash. This will also significantly improve the Company's balance sheet. Management expects that it will close on the sale of its idle Qingdao "Runhao" secondary purification facility in the first half of 2020, although there is uncertainty as to that timing as well as to the final closing of the deal. Upon closing, Management expects that the Company will retain some of the proceeds from that sale to help fund its operations while the remaining proceeds will extinguish a significant portion of the debt held by China Cinda Assets Management (which owns 98% of the Company's Chinese bank debt). Management is also evaluating options for the sale of its idle "Runyang" primary processing facility in Jiangsu province to further address those same goals.

Another factor contributing to the Company's financial situation is the competitive price pressure in the stevia market over the last year that has reduced mainstream "Reb A" products (such as Reb A 80 and Reb A 97) to the lowest price levels in years. While these products have historically formed the core of the Company's product sales, the margins on sales of these products have grown increasingly slim. To address this, the Company is taking a three-pronged approach.

First, the Company has taken decisive steps to reduce its SG&A costs as well as its production costs. Its North American operations have already reduced SG&A costs and the Company is in the process of eliminating non-essential costs in its Chinese operations. For the last several years, the Company's production capacity has been far greater than its projected order levels as it had sought rapid increases in orders for Reb A products. The Company's goal is now to "right-size" its Chinese operations – i.e., to optimize its staffing and production planning to meet the Company's projected production requirements while retaining the ability to accommodate growth in future order volumes. Management expects that this will enable the Company to sell its goods at more competitive and/or more profitable prices to secure additional order volumes and/or retain additional margin.

Second, the Company is increasing its focus on specialty stevia products, relative to its Reb A products. These specialty products are more differentiated than Reb A products and can bring more revenue opportunities and more meaningful margin contributions to the Company's bottom line. The Company is also progressing well on implementing a new line of business in the sweetener space distinct from its bulk stevia sales that has the potential to significantly increase the Company's revenues and margins.

Third, the Company is exploring options to enter the CBD market, where it could leverage its production expertise and equipment towards an investment that would jump start its ability to quickly begin producing high-quality low-cost CBD products. While it does not expect to begin any CBD operations in 2019, it is anticipating significant revenues and margins for the second half of 2020 and beyond. Management continues to work on securing the necessary funding to close on this investment.

While the Company continues to face substantial risks and 2019 remains a pivotal year for the Company, management remains optimistic about the future opportunities for the Company. With the expected land sale heading towards closing, right-sizing efforts underway, the optimization of production efficiencies, costs, and planning, and the Company's refocused product strategies, management is proceeding down the best available path to increased financial stability and profitability.

Finalization of Plan To Improve the Company's Capital Structure

On September 9, 2019, the Company announced a newly signed agreement with its primary debtholder, China Cinda Assets Management Corporation Anhui Branch ("Cinda"), through which the Company expects to greatly reduce its Chinese bank debt.

In line with the Company's restructuring goals, the Company has developed a plan to improve its capital structure, achieve major reductions in its debt load, and improve its working capital resources. Two key components of this plan are the reduction of its Chinese bank debt and the sale of assets not essential to the Company's business plans.

Through extensive negotiations with Cinda, GLG and Cinda have signed an agreement that is expected to result in a 78% reduction of the Company's Chinese bank debt, which is approximately CAD 99 million (RMB equivalent). Under the agreement, the Company will complete a schedule of payments over a two-year period totaling approximately CAD 51 million, which will then result in the waiver of an additional approximately CAD 25 million in principal and interest owed to Cinda.

Further, as GLG, Cinda, and an interested buyer have jointly been finalizing contracts for the sale of GLG's "Runhao" facility (buildings and land use rights) to the buyer, Cinda has agreed to defer commencement of the two-year pay schedule until the sale of Runhao is consummated. This sale will both facilitate GLG's payments under the contract with Cinda and enable GLG to optimize its production costs through the elimination of unneeded idle capacity.

Through this collaboration with Cinda and the resulting improvements to GLG's capital structure, the Company will have more financial flexibility to improve working capital and fuel the growth of premium sweetener products.

Additionally, the Company is presently negotiating with Cinda to resolve the 22% remainder of the outstanding debt. The Company expects to reach a favorable resolution with Cinda on that remaining debt.

2019 AGM Voting Results

The Company held its Annual General Meeting on June 27, 2019, 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. Mr. Simon Springett joins the Board for the first time, replacing Mr. He Fangzhen, who, after serving for many years, opted not to seek a Board position this year.

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 2018 and the condensed interim consolidated financial statements for the nine-month period ended September 30, 2019.

In thousands Canadian $, except per share amounts	3 Months Ended September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
Revenue	$2,373	$2,496	(5%)	$7,222	$12,791	(44%)
Cost of Sales	($1,928)	($2,449)	(21%)	($5,850)	($11,371)	(49%)
% of Revenue	(81%)	(98%)	17%	(81%)	(89%)	8%
Gross Profit (Loss)	$444	$47	845%	$1,372	$1,420	(3%)
% of Revenue	19%	2%	17%	19%	11%	8%
Expenses	($1,727)	($2,320)	(26%)	($6,999)	($6,909)	1%
% of Revenue	(73%)	(93%)	20%	(97%)	(54%)	(43%)
(Loss) from Operations	($1,283)	($2,273)	(44%)	($5,627)	($5,489)	3%
% of Revenue	(54%)	(91%)	37%	(78%)	(43%)	(35%)
Other Expenses	($3,499)	($992)	253%	($9,357)	($7,512)	25%
% of Revenue	(147%)	(40%)	(108%)	(130%)	(59%)	(71%)
Net (Loss) before Income Taxes	($4,782)	($3,265)	46%	($14,984)	($13,001)	15%
% of Revenue	(202%)	(131%)	(71%)	(207%)	(102%)	(106%)
Net (Loss)	($4,782)	($3,265)	46%	($14,984)	($13,001)	15%
% of Revenue	(202%)	(131%)	(71%)	(207%)	(102%)	(106%)
Net (Loss) Attributable to Non-Controlling Interest	($924)	($783)	18%	($3,477)	($1,728)	101%
Net (Loss) Attributable to GLG	($3,858)	($2,482)	55%	($11,507)	($11,273)	2%
% of Revenue	(163%)	(99%)	(63%)	(159%)	(88%)	(71%)
Loss per share (LPS, Basic & Diluted)	($0.10)	($0.06)	55%	($0.30)	($0.29)	2%
Other Comprehensive Income	$1,754	$2,207	(21%)	$5,302	$1,085	389%
% of Revenue	74%	88%	(15%)	73%	8%	65%
Other Comprehensive Income to NCI	$582	$723	(20%)	$1,737	$879	98%
Other Comprehensive Income to GLG	$1,172	$1,484	(21%)	$3,565	$206	1631%
% of Revenue	49%	59%	(10%)	49%	2%	48%
Comprehensive Loss	($3,028)	($1,058)	186%	($9,682)	($11,916)	(19%)
Comprehensive Loss Attributable to NCI	($342)	($60)	470%	($1,740)	($849)	105%
Comprehensive Loss Attributable to GLG	($2,686)	($998)	169%	($7,942)	($11,067)	(28%)
% of Revenue	(113%)	(40%)	(73%)	(110%)	(87%)	(23%)

Revenue

Revenue for the three months ended September 30, 2019, was $2.4 million compared to $2.5 million in revenue for the same period last year. Sales decreased by 5% or $0.1 million for the period ending September 30, 2019, compared to the prior period. The sales decrease of $0.1 million was driven by a 15% decrease in international stevia sales, partly offset by increases in monk fruit sales and China domestic stevia sales. International sales continue to be the predominant component of the Company's revenues (85% in third quarter 2019 versus 90% in third quarter 2018).

Revenue for the nine months ended September 30, 2019, was $7.2 million, a decrease of $5.6 million or 44% compared to $12.8 million in revenue for the same period last year. This $5.6 million decrease was driven by a 46% decrease in stevia sales, primarily resulting from a significant decrease in orders from the Company's

distribution partner. The Company attributes this decrease to reduced customer demand due to existing inventories and to competitive price pressure in the global stevia market. Monk fruit sales increased significantly in the first nine months of 2019, versus the same period in 2018, although monk fruit sales were only a small fraction of total revenues. China sales held steady between the 2019 nine-month and 2018 nine-month periods. International sales made up 86% of nine-month 2019 revenues, versus 92% for the same period in 2018.

Cost of Sales

For the quarter ended September 30, 2019, the cost of sales was $1.9 million compared to $2.4 million in cost of sales for the same period last year ($0.5 million or 21% decrease). Cost of sales as a percentage of revenues was 81% for the third quarter 2019, compared to 98% for the comparable period, an improvement of 17 percentage points. The improvement in cost of sales as a percentage of revenue for the three months ended September 30, 2019, compared to the prior comparable period, is attributable to two main factors: (1) a change in mix of products sold, with a greater percentage of sales of higher-margin stevia products, and improvements in cost management and production efficiency, and (2) cost of sales in the third quarter was affected due to a difference in classification of depreciation between cost of sales and SG&A expenses from 2018.

For the nine months ended September 30, 2019, the cost of sales was $5.9 million compared to $11.4 million for the same period last year (a decrease of $5.5 million or 49%). Cost of sales as a percentage of revenues was 81% for the first nine months of 2019, compared to 89% in the comparable period in 2018, an improvement of 8 percentage points. The improvement in cost of sales as a percentage of revenue for the nine months ended September 30, 2019, compared to the prior comparable period, is attributable to two main factors: (1) a change in mix of products sold, with a greater percentage of sales of higher-margin stevia products, and improvements in cost management and production efficiency, and (2) cost of sales in the third quarter was affected due to a difference in classification of depreciation between cost of sales and SG&A expenses from 2018.

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 nine months of 2019, and capacity charges of $0.8 million were charged to cost of sales (representing 14% of cost of sales) compared to $1.6 million charged to cost of sales in the same period of 2018 (representing 14% of cost of sales).

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

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

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

Gross Profit (Loss)

Gross profit for the three months ended September 30, 2019, was $0.4 million, compared to a gross profit of $nil for the comparable period in 2018. The gross profit margin was 19% in the third quarter 2019 compared to 2% for the same period in 2018, a 17 percentage point improvement. This 17 percentage point improvement in gross profit margin for the third quarter of 2019, relative to the comparable period in 2018, is attributable to two main factors: (1) a change in mix of products sold, with a greater percentage of sales of higher-margin stevia products, and improvements in cost management and production efficiency, and (2) cost of sales in the third quarter was affected due to a difference in classification of depreciation between cost of sales and SG&A expenses from 2018.

Gross profit for the nine months ended September 30, 2019, was $1.4 million, compared to a gross profit of $1.4 million for the comparable period in 2018. The gross profit margin was 19% in the first nine months of 2019 compared to 11% for the same period in 2018, an 8 percentage point increase. This 8 percentage point increase in gross profit margin for the first nine months of 2019, relative to the comparable period in 2018, is attributable to two main factors: (1) a change in mix of products sold, with a greater percentage of sales of higher-margin stevia products, and improvements in cost management and production efficiency, and (2) cost of sales in the third quarter was affected due to a difference in classification of depreciation between cost of sales and SG&A expenses from 2018.

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 September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
G&A Exp	$1,182	$1,835	(36%)	$5,048	$5,302	(5%)
Stock Based Compensation Exp	$149	$150	(%)	$448	$451	(1%)
Amortization Exp	$396	$336	18%	$1,502	$1,156	30%
Total	$1,727	$2,320	(26%)	$6,999	$6,909	1%

G&A expenses for the three months ended September 30, 2019, were $1.2 million, a decrease of $0.7 million compared to $1.8 million in the same period in 2018. The $0.7 million decrease in G&A expenses was driven primarily by decreases in business taxes paid in China, reduced salary expenses and reduced research and development expenses.

Stock-based compensation for the three months ended September 30, 2019, was flat at $0.1 million compared to the same period in 2018. 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 restricted shares.

G&A-related depreciation and amortization expenses for the three months ended September 30, 2019, were $0.4 million compared with $0.3 million for the same quarter of 2018, or an increase of $0.1 million.

G&A expenses for the nine months ended September 30, 2019, were $5.0 million, a decrease of $0.3 million compared to $5.3 million in the same period in 2018. The $0.3 million decrease in G&A expenses was driven primarily by reduced salary expenses, reduced research and development expenses and reduced freight expenses.

Stock-based compensation for the nine months ended September 30, 2019, was flat at $0.4 million compared to the same period in 2018. The number of common shares available for issue under the stock compensation plan is 10% of the issued and outstanding common shares. During the nine-month period, compensation from vesting stock-based compensation awards was recognized, due to previously granted restricted shares.

G&A-related depreciation and amortization expenses for the nine months ended September 30, 2019, were $1.5 million compared with $1.2 million for the same period in 2018, or an increase of $0.3 million. This $0.3 million increase relates to an adjustment in depreciation classification.

Other Expenses

In thousands Canadian $	3 Months Ended September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
Other (Expenses)	($3,499)	($992)	253%	($9,357)	($7,512)	25%
% of Revenue	(147%)	(40%)	(108%)	(130%)	(59%)	(71%)

Other expenses for the three months ended September 30, 2019, was $3.5 million, compared to $1.0 million for the same period in 2018, an increase of $2.5 million or 254%. This $2.5 million increase in other expenses for the quarter was driven by (1) a decrease in foreign exchange gain ($1.3 million), (2) an increase in interest expenses ($1.1 million) and (3) a decrease in other income ($0.1 million).

Other expenses for the nine months ended September 30, 2019, was $9.4 million, compared to $7.5 million for the same period in 2018, an increase of $1.8 million or 25%. This $1.8 million increase in other expenses for the nine-month period was driven by increases in (1) interest expense ($3.3 million), (2) inventory impairments ($0.5 million) and (3) other expenses ($0.6 million), which were partly offset by (4) an increase in foreign exchange gain ($2.6 million).

Foreign Exchange Gains (Losses)

Exchange rates	2019	2019	2019	2018	2018	2018	2018	2017
Rate (as compared to the Canadian $)	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
U.S. Dollars	0.7551	0.7641	0.7483	0.7330	0.7725	0.7594	0.7756	0.7971
Chinese RMB	5.3967	5.2466	5.0226	5.0429	5.3079	5.0277	4.8780	5.1867

Exchange rates	2019	2019	2019	2018	2018	2018	2018	2017
Rate (as compared to the US $)	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Chinese RMB	7.1468	6.8664	6.7111	6.8764	6.8665	6.6191	6.2802	6.5064

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 Loss (“AOCL”) on the Balance Sheet. As at September 30, 2019, the exchange rate for RMB per Canadian dollar was 5.3967 compared to the exchange rate of 5.0429 as at December 31, 2018, reflecting a depreciation of the RMB against the Canadian dollar. As at September 30, 2019, the exchange rate for USD per Canadian dollar was 0.7551 compared to the exchange rate of 0.7330

as at December 31, 2018, reflecting a depreciation of the USD against the Canadian dollar. The balance of the AOCL was $11.3 million on September 30, 2019, compared to a balance of $7.8 million as at December 31, 2018.

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 $2.7 million for the nine-month period ended September 30, 2019, compared to a foreign exchange gain of $nil million for the comparable period in 2018. The table above shows the change in the Canadian dollar relative to the US dollar from December 31, 2017, to September 30, 2019, and the exchange rate movement for the Canadian dollar relative to the US dollar and RMB as shown above.

Net Loss Attributable to the Company

In thousands Canadian $	3 Months Ended September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
Net Loss	($4,782)	($3,265)	46%	($14,984)	($13,001)	15%
Net Loss Attributable to NCI	($924)	($783)	18%	($3,477)	($1,728)	101%
% of Revenue	(39%)	(31%)	(8%)	(48%)	(14%)	(35%)
Net Loss Attributable to GLG	($3,858)	($2,482)	55%	($11,507)	($11,273)	2%
% of Revenue	(163%)	(99%)	(63%)	(159%)	(88%)	(71%)

For the three months ended September 30, 2019, the Company had a net loss attributable to the Company of $3.9 million, an increase of $1.4 million or 56% over the comparable period in 2018 ($2.5 million). The $1.4 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($2.5 million), which was offset by (2) a decrease in loss from operations ($1.0 million) and (3) an increase in net loss attributable to non-controlling interests ($0.1 million).

For the nine months ended September 30, 2019, the Company had a net loss attributable to the Company of $11.5 million, an increase of $0.2 million or 2% over the comparable period in 2018 ($11.3 million). The $0.2 million increase in net loss was driven by increases in (1) other expenses ($1.8 million) and (2) loss from operations ($0.1 million), which were offset by an increase in net loss attributable to non-controlling interests ($1.7 million).

Comprehensive Loss

In thousands Canadian $	3 Months Ended September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
Other Comprehensive Income	$1,754	$2,207	(21%)	$5,302	$1,085	389%
Total Comprehensive Loss	($3,028)	($1,058)	186%	($9,682)	($11,916)	(19%)
Comprehensive Loss Attributable to NCI	($342)	($60)	470%	($1,740)	($849)	105%
Comprehensive Loss Attributable to GLG	($2,686)	($998)	169%	($7,942)	($11,067)	(28%)
% of Revenue	(113%)	(40%)	(73%)	(110%)	(87%)	(23%)

The Company recorded a total comprehensive loss of $2.7 million for the three months ended September 30, 2019, comprising $3.9 million of net loss attributable to the Company and $1.2 million of other comprehensive income attributable to the Company. The Company recorded total comprehensive loss of $1.0 million for the three months ended September 30, 2018, comprising $2.5 million of net loss attributable to the Company and $1.5 million of other comprehensive income attributable to the Company.

The Company recorded a total comprehensive loss of $7.9 million for the nine months ended September 30, 2019, comprising $11.5 million of net loss attributable to the Company and $3.6 million of other comprehensive income attributable to the Company. The Company recorded total comprehensive loss of $11.1 million for the

nine months ended September 30, 2018, comprising $11.2 million of net loss attributable to the Company and $0.1 million of other comprehensive income attributable to the Company.

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	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2	2018 Q1	2017 Q4
Revenue	$2,373	$2,827	$2,023	$3,792	$2,496	$6,027	$4,267	$3,038
Gross Profit $	$444	$851	$77	$513	$47	$1,051	$322	$22
Gross Profit %	19%	30%	4%	14%	2%	17%	8%	1%
Net Income (Loss) Attributable to GLG	($3,858)	($2,849)	($4,799)	($10,311)	($2,482)	($3,142)	($5,649)	($4,701)
Basic Income (Loss) Per Share	(0.10)	(0.07)	($0.12)	($0.27)	($0.06)	($0.08)	($0.15)	($0.12)

For the three months ended September 30, 2019, the Company had a net loss attributable to the Company of $3.9 million, an increase of $1.4 million or 56% over the comparable period in 2018 ($2.5 million). The $1.4 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($2.5 million), which was offset by (2) a decrease in loss from operations ($1.0 million) and (3) an increase in net loss attributable to non-controlling interests ($0.1 million).

For the three months ended June 30, 2019, the Company had a net loss attributable to the Company of $2.8 million, a decrease of $0.3 million or 9% over the comparable period in 2018 ($3.1 million). The $0.3 million decrease in net loss was driven by (1) an increase in net loss attributable to non-controlling interests ($0.6 million), which was offset by (2) an increase in net loss ($0.3 million).

For the three months ended March 31, 2019, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.8 million or 15% over the comparable period in 2018 ($5.6 million). The $0.8 million decrease in net loss was driven by (1) an increase in net losses attributable to non-controlling interests ($1.0 million), which were offset by (2) a decrease in gross profit ($0.2 million).

For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

For the three months ended June 30, 2018, the Company had a net loss attributable to the Company of $3.1 million, a decrease of $0.8 million or a 19% improvement over the comparable period in 2017 ($3.9 million loss). The $0.8 million decrease in net loss was driven by (1) an increase in gross profit ($0.5 million), (2) a decrease in SG&A expenses ($0.1 million) and (3) an increase in net loss attributable to the non-controlling interest ($0.4 million), which were offset by (4) an increase in other expenses ($0.2 million).

For the three months ended March 31, 2018, the Company had a net loss attributable to the Company of $5.6 million, an increase of $1.2 million or 61% over the comparable period in 2017 ($4.5 million). The increased net loss was driven by (1) an increase in other expenses of $1.3 million and (2) a decrease in gross profit of $0.3 million, which were offset by losses attributable to non-controlling interests of $0.4 million.

For the three months ended December 31, 2017, the Company had a net loss attributable to the Company of $4.7 million, a decrease of $5.4 million or a 54% improvement over the comparable period in 2016 ($10.1 million loss). The decrease in net loss was driven by (1) an increase in gross profit of $0.4 million, (2) a decrease in SG&A expenses of $1.9 million, (3) a decrease in other expenses of $2.8 million and (4) an increase in loss of $0.3 million attributable to non-controlling interests.

Quarterly Basic and Diluted Loss per Share

The basic loss and diluted loss per share from operations was $0.10 for the three months ended September 30, 2019, compared with a basic and diluted net loss of $0.06 for the comparable period in 2018. For the three months ended September 30, 2019, the Company had a net loss attributable to the Company of $3.9 million, an increase of $1.4 million or 56% over the comparable period in 2018 ($2.5 million). The $1.4 million increase in net loss attributable to the Company was driven by (1) an increase in other expenses ($2.5 million), which was offset by (2) a decrease in loss from operations ($1.0 million) and (3) an increase in net loss attributable to non-controlling interests ($0.1 million).

The basic loss and diluted loss per share from operations was $0.07 for the three months ended June 30, 2019, compared with a basic and diluted net loss of $0.08 for the comparable period in 2018. For the three months ended June 30, 2019, the Company had a net loss attributable to the Company of $2.8 million, a decrease of $0.3 million or 9% over the comparable period in 2018 ($3.1 million). The $0.3 million decrease in net loss was driven by (1) an increase in net loss attributable to non-controlling interests ($0.6 million), which was offset by (2) an increase in net loss ($0.3 million).

The basic loss and diluted loss per share from operations was $0.12 for the three months ended March 31, 2019, compared with a basic and diluted net loss of $0.15 for the comparable period in 2018. For the three months ended March 31, 2019, the Company had a net loss attributable to the Company of $4.8 million, a decrease of $0.8 million or 15% over the comparable period in 2018 ($5.6 million). The $0.8 million decrease in net loss was driven by (1) an increase in net losses attributable to non-controlling interests ($1.0 million), which were offset by (2) a decrease in gross profit ($0.2 million).

The basic loss and diluted loss per share from operations was $0.27 for the three months ended December 31, 2018, compared with a basic and diluted net loss of $0.12 for the comparable period in 2017. For the three months ended December 31, 2018, the Company had a net loss attributable to the Company of $10.3 million, an increase of $5.6 million or a 119% increase over the comparable period in 2017 ($4.7 million loss). The $5.6 million increase in net loss attributable to the Company was driven by increases in (1) other expenses ($7.6 million) and (2) SG&A expenses ($1.3 million), which were offset by increases in (3) gross profit ($0.5 million) and (4) net loss attributable to the non-controlling interest ($2.8 million).

The basic loss and diluted loss per share from operations was $0.06 for the three months ended September 30, 2018, compared with a basic and diluted net loss of $0.11 for the comparable period in 2017. For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $2.5 million, a decrease of $1.3 million or a 35% improvement over the comparable period in 2017 ($3.8 million loss). The $1.3 million decrease in net loss was driven by increases in (1) gross profit ($0.3 million) and (2) net loss attributable to the non-controlling interest ($0.4 million) and decreases in (3) SG&A expenses ($0.2 million) and (4) other expenses ($0.4 million).

The basic loss and diluted loss per share from operations was $0.08 for the three months ended June 30, 2018, compared with a basic and diluted net loss of $0.10 for the comparable period in 2017. For the three months ended September 30, 2018, the Company had a net loss attributable to the Company of $3.1 million, a decrease of $0.8 million or a 19% improvement over the comparable period in 2017 ($3.9 million loss). The $0.8 million decrease in net loss was driven by (1) an increase in gross profit ($0.5 million), (2) a decrease in SG&A expenses ($0.1 million) and (3) an increase in net loss attributable to the non-controlling interest ($0.4 million), which were offset by (4) an increase in other expenses ($0.2 million).

The basic loss and diluted loss per share from operations was $0.15 for the three months ended March 31, 2018, compared with a basic and diluted net loss of $0.12 for the comparable period in 2017. For the three months ended March 31, 2018, the Company had a net loss attributable to the Company of $5.6 million, an increase of $1.2 million or 61% over the comparable period in 2017 ($4.5 million). The increased net loss was driven by (1) an increase in other expenses of $1.3 million and (2) a decrease in gross profit of $0.3 million, which were offset by losses attributable to non-controlling interests of $0.4 million.

The basic loss and diluted loss per share from operations was $0.12 for the three months ended December 31, 2017, compared with a basic and diluted net loss of $0.27 for the same period in 2016. For the three months ended December 31, 2017, the Company had a net loss attributable to the Company of $4.7 million, a decrease of $5.4 million or a 54% improvement over the comparable period in 2016 ($10.1 million loss). The decrease in net loss was driven by (1) an increase in gross profit of $0.4 million, (2) a decrease in SG&A expenses of $1.9 million, (3) a decrease in other expenses of $2.8 million and (4) an increase in loss of $0.3 million attributable to non-controlling interests.

Non-IFRS Financial Measures

Gross Profit Before Capacity Charges

This non-IFRS financial measure shows the gross profit (loss) before the impact of idle capacity charges are reflected on the gross profit margin. GLG had only 50% of its production facilities in operation in the first nine months of 2019 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 September 30, 2019, was $0.8 million or 33% of third quarter revenues compared to $0.6 million or 24% of third quarter revenues in 2018.

Gross profit before capacity charges for the nine months ended September 30, 2019, was $2.2 million or 31% of nine-month revenues compared to $3.0 million or 24% of nine-month revenues in 2018.

Gross profit before capacity charges for both the three- and nine-month periods in 2019 increased from the comparable periods due primarily to improved margins on international stevia sales compared to the previous year, which resulted from a change in the product mix ordered by our customers, with a higher percentage of sales coming from higher-margin premium products compared to the prior periods in 2018.

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

In thousands Canadian $	3 Months Ended September 30		% Change	9 Months Ended September 30		% Change
	2019	2018		2019	2018	
Loss Before Income Taxes	($4,782)	($3,265)	46%	($14,984)	($13,001)	15%
Add:						
Provisions for Inventories Impairment	($2)	$4	(155%)	$474	($64)	(841%)
Depreciation and Amortization	$702	$665	5%	$2,132	$2,567	(17%)
Net Interest Expense	$3,708	$2,627	41%	$11,154	$7,820	43%
Foreign Exchange Gain & Loss	($274)	($1,599)	(83%)	($2,665)	($49)	5380%
Non-Cash Share Compensation	$149	$150	(%)	$448	$451	(1%)
EBITDA	($499)	($1,413)	(65%)	($3,440)	($2,270)	51%
EBITDA as a % of Revenue	(21%)	(57%)	36%	(48%)	(18%)	(30%)

EBITDA for the three months ended September 30, 2019, was negative $0.5 million or negative 21% of revenues, compared to negative $1.4 or negative 57% of revenues for the same period in 2018. EBITDA loss decreased by $0.9 million for the three-month period ended September 30, 2019, relative to the comparable period in 2018, driven primarily by a change in mix of products sold, with a greater percentage of sales of higher-margin stevia products, and improvements in cost management and production efficiency.

EBITDA for the nine months ended September 30, 2019, was negative $3.4 million or negative 48% of revenues, compared to negative $2.3 million or negative 18% of revenues for the same period in 2018. EBITDA loss increased by $1.2 million for the nine-month period ended September 30, 2019. The increase in EBITDA loss for the period is attributable to a decrease in sales for the nine months ending September 30, 2019.

Liquidity and Capital Resources

In thousands Canadian $		30-Sep-19		31-Dec-18
Cash and Cash Equivalents	$	872	$	1,494
Working Capital	$	(154,361)	$	(149,231)
Total Assets	$	36,262	$	43,943
Total Liabilities	$	161,520	$	159,969
Loan Payable (<1 year)	$	100,179	$	101,902
Loan Payable (>1 year)	$	-	$	-
Total Shareholder's Deficiency	$	(99,148)	$	(91,655)

The Company has several initiatives currently underway in order to manage cash flow, including working closely with the banks to restructure its loans, negotiating the sale of one or more idle assets, and reducing operating expenditures including general and administrative expenses and production-related expenses. The Company also continues to work to reduce accounts receivable, negotiate with creditors for extended payment terms, and arrange financing as necessary with its Directors and other related parties.

Total loans payable (both short-term and long-term) is $100.2 million as of September 30, 2019, a decrease of $1.7 million compared to the total loans payable as at December 31, 2018 ($101.9 million). The decrease in short-term loans was primarily driven by foreign exchange impacts due to the depreciation of the RMB against the Canadian dollar, which were partly offset by an increase in accrued interest on amounts due to related parties.

The Company continues to work with its Chinese banks on restructuring its Chinese debt in 2019. 98% of all China bank loans held by GLG's Chinese subsidiary – Anhui Runhai Biotechnology Joint Stock Company, Ltd. ("Runhai") and its wholly owned Chinese subsidiaries – have been transferred to one state-owned capital management company ("SOCMC"). China Cinda Assets Management ("Cinda") is the sole SOCMC holding the 98% of short-term bank debt. The Company announced in September 2019 a finalized agreement with Cinda to resolve most of its bank debt over a two-year period commencing with the sale of one of its idle assets. The Company also continues to negotiate with Cinda regarding the conversion of outstanding debt into equity in Runhai with a view to participate as an equity shareholder in the potential returns. Cinda could also be a source of possible future capital.

Until the final debt restructuring is completed, the terms of the original loans are represented in the financial statements.

Cash Flows: Three Months Ended September 30, 2019 and 2018

Cash used in activities was $nil million in the three-month period ended September 30, 2019, compared to $0.3 million generated in the same period of 2018. This $0.3 million decrease in cash generated from operating activities was the result of cash flow from operating activities before the impact of non-cash working capital decreasing by $2.1 million and offset by cash generated by changes in non-cash working capital items increasing by $1.8 million in the three months ended September 30, 2019, relative to the comparative 2018 period. The $1.8 million increase in changes in non-cash working capital was due to increases in changes in cash generated in (1) accounts payable and accruals ($3.0 million), (2) due to related party ($1.0 million) and (3) interest payable ($0.8 million) and (4) a decrease in cash used from prepaid expenses ($0.1 million), which were offset by (5) a decrease in cash generated from accounts receivable ($1.5 million) and increases in cash used in (6) inventory ($1.2 million) and (7) taxes recoverable ($0.4 million).

Cash used in investing activities was $nil million during the third quarter of 2019, compared to $mil million used in investing activities in the third quarter of 2018.

Cash used in financing activities was $mil million in the third quarter of 2019, compared to $4.3 million cash generated in the third quarter of 2018.

Cash Flows: Nine Months Ended September 30, 2019 and 2018

Cash used in operating activities was $0.6 million in the nine-month period ended September 30, 2019, compared to $0.8 million cash generated in the same period of 2018. This $1.4 million increase in cash used in operating activities was the result of cash flow from operating activities before the impact of non-cash working capital decreasing by $4.6 million and changes in cash generated by non-cash working capital increasing by $3.2 million in the nine months ended September 30, 2019, relative to the comparative 2018 period. The $3.2 million increase in changes in non-cash working capital was due to increases in changes in cash generated in (1) accounts receivable ($2.0 million), (2) interest payable ($1.7 million) and (3) due to related party (current) ($1.5 million) and (4) a decrease in cash used in prepaid expenses ($0.4 million), which were offset by decreases in cash generated in (5) inventory ($1.9 million) and (6) accounts payable and accruals ($0.1 million) and (7) an increase in cash used in taxes recoverable ($0.3 million).

Cash used in investing activities was $nil during the first nine months of 2019, compared to cash used in investing activities of $0.1 million in the comparable period of 2018.

Cash used in financing activities was $0.1 million during the first nine months of 2019, compared to cash generated in financing activities of $4.4 million in the comparable period of 2018.

Financial Resources

Cash and cash equivalents decreased by $0.6 million for the nine months ended September 30, 2019, relative to December 31, 2018. Working capital decreased by $5.1 million from the year-end 2018 position to negative $154.4 million.

The working capital decrease of $5.1 million is attributable to a decrease in current assets of $4.1 million and an increase in current liabilities of $1.0 million. The $4.1 million decrease in current assets is attributable to decreases in (1) accounts receivable ($2.1 million), (2) inventory ($1.5 million) and (3) cash ($0.6 million). The $1.0 million increase in current liabilities was due to increases in (1) interest payable ($3.7 million), (2) amounts due to related parties ($2.5 million), (3) derivative liabilities ($0.2 million) and (4) current portion of lease liabilities ($0.1 million), which were offset by decreases in (5) short-term loans ($4.2 million) and (6) accounts payable ($1.3 million).

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 September 30, 2019, in comparison to December 31, 2018, the total assets decreased by $7.7 million. This $7.7 million decrease was due to decreases in current assets of $4.1 million and fixed assets of $4.2 million, which were offset by an increase in right-of-use assets of $0.7 million.

Total liabilities increased by $1.6 million as at September 30, 2019, in comparison to December 31, 2018. This $1.6 million increase was due to an increase in current liabilities of $1.0 million and an increase in lease liabilities of $0.6 million.

Shareholders' deficiency increased by $7.5 million due to (1) an increase in shareholders' deficit ($11.5 million), which was offset by increases in (2) accumulated other comprehensive loss ($3.6 million) and (3) share capital ($0.4 million) from the vesting of restricted shares and stock options.

Short-Term Loans

The Company's short-term loans of $61,749,423 (December 31, 2018 - $65,977,969) consist of borrowings from a SOCMC and a bank in China of $60,560,770 (December 31, 2018 - $64,928,482) and loans from private lenders of $1,188,653 (December 31, 2018 - $1,049,487) as follows:

Bank loans as at September 30, 2019:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 555,900	3,000,000	On Demand	7.71%	China Cinda Assets Management Anhui Branch
5,188,400	28,000,000	On Demand	7.71%	China Cinda Assets Management Anhui Branch
1,853,000	10,000,000	On Demand	7.13%	China Cinda Assets Management Anhui Branch
1,812,234	9,780,000	On Demand	7.13%	China Cinda Assets Management Anhui Branch
9,556,235	51,571,696	On Demand	6.48%	China Cinda Assets Management Anhui Branch
14,824,000	80,000,000	On Demand	6.48%	China Cinda Assets Management Anhui Branch
14,672,945	79,184,808	On Demand	11.97%	China Cinda Assets Management Anhui Branch
3,234,870	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
7,880	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
982,090	5,300,000	On Demand	5.82%	Huishang Bank
5,559,000	30,000,000	On Demand	12.72%	China Cinda Assets Management Jiangsu Branch
2,314,216	12,489,025	On Demand	12.72%	China Cinda Assets Management Jiangsu Branch
$ 60,560,770	326,825,529			

Bank loans as at December 31, 2018:

Loan amount in CAD	Loan amount in RMB	Maturity Date	Interest rate per annum	Lender
$ 594,900	3,000,000	On Demand	9.57%	China Cinda Assets Management Anhui Branch
$ 5,552,400	28,000,000	On Demand	9.57%	China Cinda Assets Management Anhui Branch
$ 1,983,000	10,000,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
$ 1,939,374	9,780,000	On Demand	8.56%	China Cinda Assets Management Anhui Branch
$ 10,226,667	51,571,696	On Demand	7.77%	China Cinda Assets Management Anhui Branch
$ 15,864,000	80,000,000	On Demand	7.77%	China Cinda Assets Management Anhui Branch
$ 15,702,347	79,184,808	On Demand	11.97%	China Cinda Assets Management Anhui Branch
$ 3,461,818	17,457,477	On Demand	8.83%	China Cinda Assets Management Anhui Branch
$ 8,432	42,523	On Demand	8.83%	China Cinda Assets Management Anhui Branch
$ 1,169,970	5,900,000	On Demand	5.82%	Huishang Bank
$ 5,949,000	30,000,000	On Demand	12.12%	China Cinda Assets Management Jiangsu Branch
$ 2,476,574	12,489,025	On Demand	9.09%	China Cinda Assets Management Jiangsu Branch
$ 64,928,482	327,425,529			

The Company has been working with its Chinese banks and SOCMCs on restructuring its debt during the nine months ended September 30, 2019.

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

Short-term borrowing from private lenders:

December 31, 2017	$	965,096
Additions		-
Foreign currency translation		84,391
December 31, 2018	$	1,049,487
Additions		169,858
Foreign currency translation		(30,692)
September 30, 2019	$	1,188,653

Short-term borrowing from private lenders comprises two loans. As at September 30, 2019, principal of $1,018,795 in respect of one loan is denominated in US dollars, is unsecured and bears interest at 11.50% per annum, compounding quarterly. The loan is due on demand. During the period ended September 30, 2019, additional loan principal of $169,858 was received which is denominated in Renminbi, bears interest at 5.82%, is unsecured and is due on August 9, 2020.

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 September 30, 2019, 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 assets of the Company's subsidiaries including inventory and property, plant and equipment have been pledged as collateral for these loans.

The Company has a high concentration of credit risk as the majority of 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 September 30, 2019, 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, Chinese Renminbi ("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, 2018, year-end consolidated financial statements (Note 23) for further information on its financial and other instruments.

Lease Liabilities

	Office	Land	Production equipment	Total
Recognized as at January 1, 2019	$ 491,766	$ 83,996	$ 228,545	$ 804,307
Lease payments made	(96,030)	(13,974)	(74,362)	(184,366)
Interest expense on lease liabilities	53,228	11,176	28,150	92,553
	$ 448,964	$ 81,198	$ 182,332	$ 712,494
Less: current portion	(65,047)	(5,297)	(72,085)	(142,429)
Non-current portion as at September 30, 2019	$ 383,917	$ 75,900	$ 110,248	$ 570,065

Capital Structure

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

	30-Sep-19	31-Dec-18
Common Shares Issued	38,394,223	38,394,223
Stock Options	622,000	1,027,400
Total Reserved For Issuance	622,000	1,027,400
Fully Diluted Shares	39,016,223	39,421,623

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements.

Non-Controlling Interests

During the year ended December 31, 2017, the Company disposed of 32.92% of its ownership in Runhai to certain related parties and a private lender in order to settle $15,971,767 (RMB 80,584,090) in related party loans and short-term loans. Accordingly, the Company de-recognized the derivative liabilities related to this portion of the loans totaling $274,538. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. In connection with the recognition of non-controlling interest, the proportionate share of the cumulative amount of foreign exchange translation differences recognized in other comprehensive income totaling $3,649,111 was re-attributed to the noncontrolling interest in Runhai. In addition, the Company incurred transaction costs totaling $563,154 and this amount was deducted from equity.

On June 1, 2018, the Company transferred its 100% ownership interest in its subsidiary Qingdao Runde Biotechnology Company, Ltd. ("Runde") to Runhai. As the Company has a 67.08% interest in Runhai, the effect of this transfer was a disposition of 32.92% of its ownership interest in Runde. The reduction in the Company's ownership interest in Runhai did not result in a loss of control and was recorded as an equity transaction. As a result of this transaction, Runhai has sole ownership of all other China subsidiaries and the Company continues to own 67.08% of Runhai. The carrying amount of non-controlling interests was adjusted to reflect the change in the non-controlling interests' relative interests in the subsidiary and the difference between the adjustments to the carrying amount of non-controlling interests and the Company's share of proceeds received and/or consideration paid is recognized directly in equity and attributed to shareholders of the Company.

The following table summarizes the consolidated assets and liabilities of Runhai and the share of the net liabilities which is attributable to the non-controlling interest as at September 30, 2019, and December 31, 2018:

		September 30, 2019		December 31, 2018
ASSETS				
Current	$	4,465,771	$	6,206,823
Non-current		28,960,886		33,155,034
	$	33,426,657	$	39,361,857
LIABILITIES				
Current	$	112,742,044	$	113,391,895
	$	112,742,044	$	113,391,895
Net liabilities	$	(79,315,387)	$	(74,030,038)
Non-controlling interest percentage		32.92%		32.92%
Non-controlling interest in net liabilities	$	(26,110,626)	$	(24,370,689)

Transactions with Related Parties

a) Amount due to related parties

Amounts due to related parties are summarized as follows:

	Note	September 30, 2019	December 31, 2018
Loans from Chief Executive officer ("CEO")		$ 7,448,790	$ 6,965,868
Loans from direct family member of CEO		26,959,211	25,186,344
	i)	34,408,001	32,152,212
Consulting fees payable to CEO	ii)	3,021,931	2,734,457
Loan from Director of the Company	iii)	1,000,000	1,037,808
		$ 38,429,932	$ 35,924,477

The loans from the CEO and close family member are summarized as follows:

Loan balance as of September 30, 2019

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 662,216	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,324,300	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	662,150	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	331,075	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	913,767	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	192,024	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	1,648,899	August 28, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	2,463,198	August 7, 2018	On demand	Unsecured	Category 3	Direct family member of CEO
	662,150	November 27, 2018	November 27, 2019	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 8,859,778**					
Accrued interest	**25,548,223**					
	$ 34,408,001					

Loan balance as of December 31, 2018

	Loan amount in CAD	Date of the Loan Agreement	Maturity Date	Security	Interest rate per annum	Related Parties
	$ 682,168	April 27, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	1,364,200	October 11, 2012	On demand	Unsecured	Category 1	Chairman and CEO
	682,100	May 30, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	341,050	November 15, 2013	On demand	Unsecured	Category 1	Chairman and CEO
	941,298	October 20, 2014	On demand	Unsecured	Category 2	Direct family member of CEO
	197,809	May 23, 2017	On demand	Unsecured	Category 2	Direct family member of CEO
	1,864,534	August 28, 2017	On demand	Unsecured	Category 3	Direct family member of CEO
	2,537,412	August 7, 2018	August 7, 2019	Unsecured	Category 3	Direct family member of CEO
	409,260	November 27, 2018	November 27, 2019	Unsecured	Category 4	Direct family member of CEO
Principal	**$ 9,019,831**					
Accrued interest	**23,132,381**					
	$ 32,152,212					

Category 1: US 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in USD or
China 10 year benchmark government bond rate plus 1100 basis points annual interest rate for loans issued in RMB, compounding quarterly
Category 2: 20% annual interest rate, compounding quarterly
Category 3: 18% annual interest rate, compounding quarterly
Category 4: 20% simple interest

i. The Company obtained loans under numerous credit facility agreements from the Company's Chairman and Chief Executive Officer ("CEO"). As at September 30, 2019, the total amount owed to the CEO under these facilities, including principal and accumulated interest is $7,448,790 (December 31, 2018 - $6,965,868). As at September 30, 2019, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The Company also obtained loans under numerous credit facility agreements from a direct family member of the CEO. As at September 30, 2019, the total amount owed under these facilities, including principal and accumulated interest is $26,959,211 (2018 - $25,186,344). As at September 30, 2019, the entire balance owed is due within 12 months and is therefore classified as current on the statement of financial position.

The combined total of the above loans, including the accrued interest, is $34,408,001 (December 31, 2018 - $32,152,212). 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 either USD or RMB, depending on the terms of the specific credit facility. The terms of each individual loan are disclosed in the table below.

These loans provide a repayment option to the lenders in either RMB or USD using a fixed foreign exchange rate specified in each credit facility. This option results in a liability of $612,125 (December 31, 2018 - $401,672), which is comprised of a derivative liability and an unrealized foreign exchange loss. The fair value of the derivative liability was calculated using the Black-Scholes model with the following assumptions:

Risk free interest	2.29%
Expected life of the loan	1 year
Expected foreign currency volalitity	3.65%

ii. As of September 30, 2019, the Company has accrued $3,021,931 (December 31, 2018 - $2,734,457), including 3% interest per annum compounding quarterly, in consulting fees payable to the Company's Chairman and Chief Executive Officer.

iii. As of September 30, 2019, the Company had renewed a loan of $1,000,000 (2017 - $1,000,000) from a Director of the Company originally borrowed to provide working capital required for Monk Fruit extracts. The loan is secured by expected proceeds from monk fruit sales, bearing interest at 15% per annum and repayable in full within twelve months. As of September 30, 2019, the total amount due to this related party, including interest was $1,000,000 (2018 - $1,037,808).

b) 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 Personnel of the Company comprises the following:

		Three months ended September 30				Nine months ended September 30		
		2019		2018		2019		2018
Short-term employee benefits (including salaries, bonuses, fees and social security benefits)	$	160,207	$	215,238	$	465,522	$	641,738
Share-based benefits	$	145,986	$	147,025	$	439,702	$	443,348
Total remuneration	$	306,193	$	362,263	$	905,225	$	1,085,086

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 3 to 36 months of gross salary, totaling approximately US $1,272,000.

Key Management Personnel did not exercise stock options granted under the Company's stock option plan in the nine months ended September 30, 2019.

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 September 30, 2019, 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 September 30, 2019. 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 September 30, 2019, 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).