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Management Discussion and Analysis for the Fiscal Year Ended September 30, 2008

The following discussion and analysis of the operations, results, and financial position of the company for the period ended September 30, 2008 should be read in conjunction with the September 30, 2008 audited financial statements and the related notes. The effective date of this report is November 28, 2008. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. Additional regulatory filings for the company can be found on the Sedar website at www.sedar.com. The company's website can be found at www.pyng.com.

Forward-Looking Statements

Certain statements contained in this document constitute "forward-looking statements". When used in this document, the words "may", "would", "could", "will", "intend", "plan", "propose", "anticipate", "believe", "forecast", "estimate", "expect" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. The Company does not intend, and does not assume any obligation, to update any such factors or to publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future results, events or developments.

Business Description

Pyng Medical Corp. (“Pyng”) maintains an office at Unit 7, 13511 Crestwood Place, Richmond, BC V6V 2E9. The Company’s registered and records office is located at 15th Floor, 1055 West Georgia Street, Vancouver, B.C. V6E 4N7

Pyng is a reporting issuer in British Columbia and Alberta. Its common shares trade on the TSX Venture Exchange under the symbol PYT.

Pyng has researched, developed and commercialized a proprietary intraosseous infusion system, the Pyng **FAST1®** Intraosseous Infusion System, which has been granted numerous patents in the United States, Mexico, Canada and Europe.

Pyng Medical Corp. holds U.S. FDA and Canadian Health Protection Branch approval and CE Marking from the European Ministry of Health and Regulatory Affairs to market the **FAST1®** Intraosseous Infusion (IO) System in North America and Europe. The **FAST1®** Intraosseous Infusion System allows pre-hospital and hospital emergency care to quickly establish intravenous access when normal peripheral interventions fail. The **FAST1®** Intraosseous Infusion System enables rapid administration of drugs and fluids to patients that require critical emergency treatment resulting in saving of lives. The **FAST1®** was developed by Pyng and is the first FDA-approved intraosseous infusion system designed specifically for use in the sternum in adult emergency intervention. **FAST1®** is the world’s leading sternal IO system.

The **FAST1®** Intraosseous Infusion System is designed for use by military medics, civilian paramedics, physicians, physician assistants, and nurses. It is used curbside at the scene of medical emergencies, in ambulances, on board emergency medical aircrafts, in hospital emergency departments and on hospital “CRASH” carts.

Key performance specifications of the **FAST1®** Intraosseous Infusion System:

1. Delivers drugs to the heart 2 – 3 times faster than tibial IO.
2. Fastest route to the heart of any vascular access device, including IV.
3. Precise placement, every time.
4. Automatic depth control, for safety of delivery above the lungs and heart.
5. Simplicity of use.
6. Sterile, single-use product, completely disposable, with no risk of cross-contamination.
7. Soft, low-profile flexible and secure tubing.
8. Sleek, lightweight design allows portability in medic’s packs.

In June 1, 2008, the Company expanded its product portfolio four-fold by acquiring the trauma assets of California-based Bio Cybernetics International (BCI), including the market leading **T-POD®** Pelvic Stabilizer, **MAT®** Tourniquet and **CRIC™** Cricothyrotomy System.

Fiscal 2008 Summary of Activities and Business Results

- Strengthened Board of Directors with the appointments of Bud Evans, President and CEO of SFI Financial Group, and Bob Di Silvio, past Vice President, Global Sales, Safe Life Corp.
- Enhanced the Management Team with the appointments of Royce Rumsey, Vice President, Business Development, and Nicole Ranger, Director of Product Development.
- Appointed three US-based Product Specialists and key personnel in engineering, sales and marketing, accounting, and regulatory affairs/quality assurance
- Demonstrated substantive progress in executing the business strategy to increase revenue in new international markets, for hospital, pre-hospital and military applications, through a growing network of distributors
- Secured new business with the German military
- Expanded distribution network with the addition of nine international distributors
- Adopted Shareholder Rights Plan and approved escrow conversion
- Expanded indications for use on its flagship product, **FAST1®** intraosseous (IO) infusion system, making it the only IO device cleared for use in adults and adolescents
- Achieved record sales of \$6.5 million, demonstrating 36% growth over prior year
- Attained consecutive quarterly revenue growth and consistent profitability throughout the year
- Received US FDA, Health Canada, and CE Mark clearance to market an improved version of **FAST1®**, which continues to be very well received by end-users

- Enhanced strong intellectual property portfolio, with numerous patent, industrial design and trademark filings to PCT, USPTO, Canadian and European trademark and patent offices
- Earned top honours from Life Sciences BC with their annual award as the Medical Device Company of the Year in BC for 2008
- Awarded Government of Canada research support from NRC – IRAP for development of next generation **FASTx™** IO systems
- Acquired BCI trauma assets, expanding product portfolio four-fold

Strategic Priorities for Fiscal 2009

- Launch **CRIC™** Cricothyrotomy System in major global markets
- Pursue capitalization to support five-year expansion plans
- Secure domestic hospital distribution partner for aggressive entry into acute care
- Expand domestic (US) sales force
- Launch **FASTx™** Sternal IO in major markets around the world
- Target second strategic “tuck-in” acquisition of complimentary products, immediately accretive to revenue and earnings
- Expand sales with the US Federal Government beyond DOD
- Advance product development under engineering design controls of our next generation **FASTx™** family of Intraosseous Infusion Systems for pediatric and other indications
- Expand manufacturing capacity and continue to reduce cost of goods
- Continue to raise Pyng’s profile with key stakeholder groups
- Leverage our distribution strength to accelerate sales of **T-POD®** and **MAT®**

Selected Annual Information

	For the Year Ended September 30		
	2008	2007	2006
Net sales/total revenues	\$ 6,549,588	\$ 4,807,705	\$ 2,998,143
Net income after tax	309,525	858,788	68,798
Net income (loss) per share (diluted)	0.03	0.09	0.01
Total assets	\$ 7,831,348	\$ 4,724,919	\$ 3,621,264
Total long-term financial liabilities	882,190	Nil	14,785
Cash dividends declared	Nil	Nil	Nil

Results of Operations

The Company's sales for the fourth quarter ended September 30, 2008 were \$2,168,645 (2007: \$1,386,529); resulting in a 56% increase in sales over the same period in fiscal 2007. On a year to date basis, sales were \$6,549,588 (2007: \$4,807,705). This is a 36% increase in sales over fiscal 2007. Our flagship product the **FAST1®** Intraosseous Infusion System is the largest selling Sternal IO System with over 160,000 units shipped to-date.

Cost of sales for the fourth quarter ended September 30, 2008 was \$645,034 (2007: \$444,188) providing a gross margin of \$1,523,611 or 70% (2007: \$942,341 or 68%). On a year to date basis, cost of sales was \$1,949,139 (2007: \$1,479,856) providing a Gross Margin of \$4,600,449 or 70% (2007: \$3,327,849 or 69%).

Total operating expenses (excluding cost of sales, amortization and stock based compensation) of \$912,167 for the quarter ended September 30, 2008 have increased compared to \$684,636 for the same quarter for 2007. However, on a percentage basis, operating expenses decreased from 49% of sales for the quarter ended September 30, 2007 to 42% for the quarter ended September 30, 2008. On a year to date basis, total operating expenses (excluding cost of sales, amortization and stock based compensation) of \$3,265,879 have increased compared to \$2,428,429 for 2007. On a percentage basis, operating expenses also decreased from 51% of sales for the year ended September 30, 2007 to 50% for the year ended September 30, 2008.

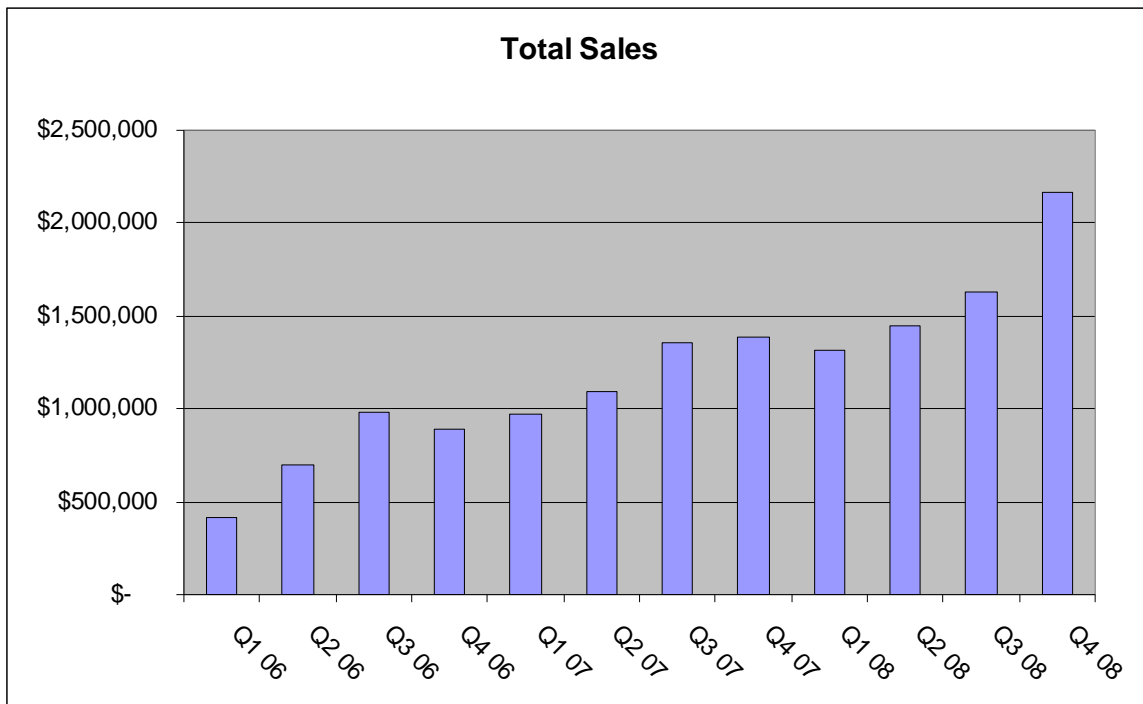
Net income after tax for the fourth quarter ended September 30, 2008 was \$16,111 (2007: \$583,840). For the year ended September 30, 2008, net income after tax was \$309,525 (2007: \$858,788) with cash outflows of \$41,329 (2007: inflows \$260,841).

The Company sells its products in the U.S., Europe and Australia through distributors. The Company's principal North American distributor is responsible for the majority of **FAST1®** sales throughout the United States. This well-established national distributor is the largest EMS distributor in the US, serving all states and the Department of Defense. Although this could be construed as a business risk, all of the Company's accounts receivable are in fact insured and as a result the company has little financial exposure. Should this distributor encounter financial problems, its clients would reasonably be expected to transact their purchases through one of our other distributors, resulting in minimal impact on Pyng.

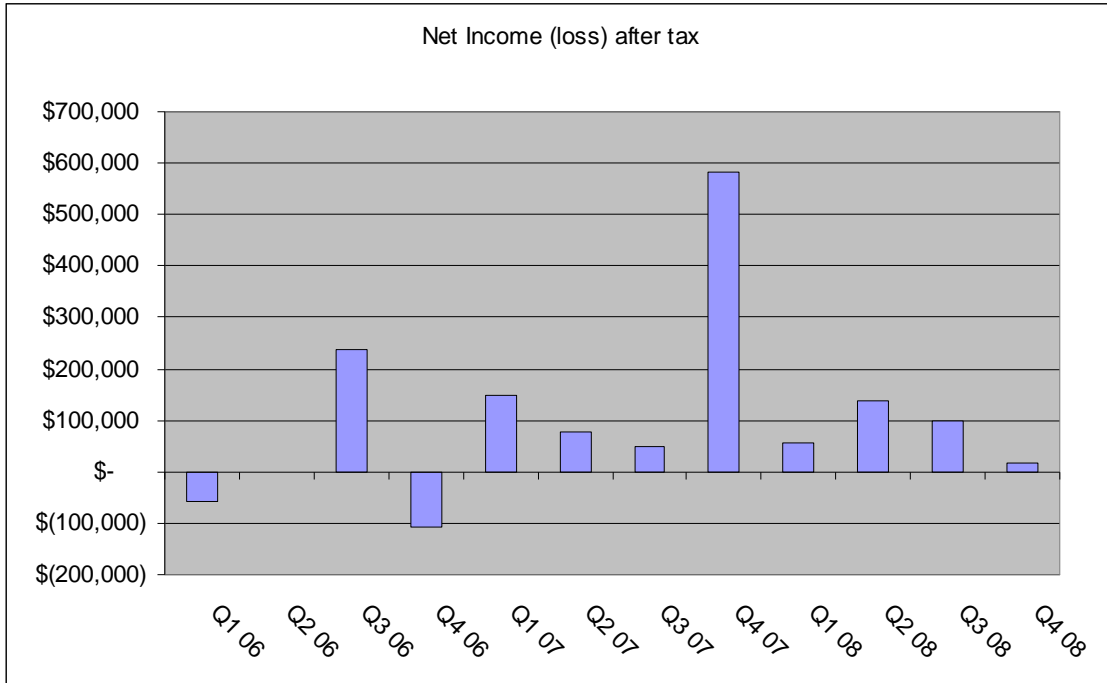
SUMMARY OF QUARTERLY RESULTS

The following tables and charts set out selected quarterly information for the last twelve quarters.

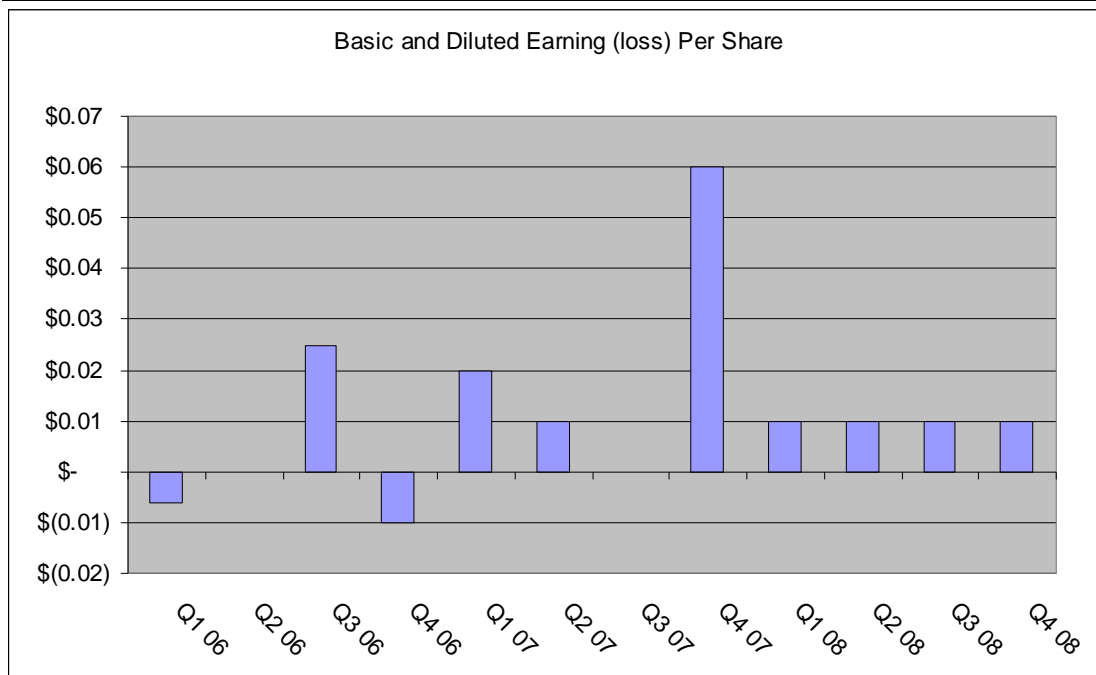
Total Sales				
	Q1	Q2	Q3	Q4
2006	\$ 416,191	\$ 703,336	\$ 985,210	\$ 893,406
2007	\$ 967,456	\$ 1,097,469	\$ 1,356,251	\$ 1,386,529
2008	\$ 1,311,207	\$ 1,444,769	\$ 1,624,967	\$ 2,168,645



NET INCOME (LOSS) AFTER TAX				
	Q1	Q2	Q3	Q4
2006	\$ (57,190)	\$ (1,661)	\$ 235,966	\$ (108,317)
2007	\$ 149,834	\$ 77,429	\$ 47,685	\$ 583,840
2008	\$ 57,119	\$ 138,722	\$ 97,573	\$ 16,111



Basic and Diluted Earnings (loss) Per Share								
	Q1		Q2		Q3		Q4	
2006	\$	(0.01)	\$	0.00	\$	0.03	\$	(0.01)
2007	\$	0.02	\$	0.01	\$	0.00	\$	0.06
2008	\$	0.01	\$	0.01	\$	0.01	\$	0.01



Liquidity and Solvency

At September 30, 2008, the Company had a working capital of \$361,011 (2007: \$1,588,771). The decrease in working capital was due to commitments on certain milestone payments from an acquisition of assets during the fiscal year.

The Company is exposed to liquidity risk as its continued operations are dependent upon the Company realizing its accounts receivable to satisfy its liabilities as they become due.

To manage the company's liquidity risk, customer credit evaluations are based on information obtained from trade references, bank reports, and periodic review of customers' payment patterns to ensure irregularities are addressed promptly. The Company also acquires accounts receivable insurance coverage to mitigate collection risks.

Related Party Transactions

- (a) Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Payment to directors

During the year ended September 30, 2008, consulting fees of \$77,808 (2007 - \$156,870), directors fees of \$72,314 (2007 - \$8,252), and commission of \$Nil (2007 - \$128,203) were paid or accrued to the directors of the Company.

As at September 30, 2008, \$10,915 (2007 - \$8,656) was owing to directors for consulting fees and expense reimbursements. This amount is included in accounts payable.

- (b) The following are the contractual commitments with related parties:

The Company had a consulting contract with a director to pay \$55,000 per year in consulting fees. The contract expired on February 29, 2008.

Off Sheet Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Critical Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in operations in the period in which they become known.

In light of these requirements, management reviewed in 2007 the basis used for the amortization of Deferred Product Development Costs. Management concluded that, based on current sales volume projections, the unamortized deferred product development costs at the beginning of 2007 should be amortized on a per unit basis based on the sales volume projection for the next seven years.

Stock-based Compensation

As of October 1st, 2003, the Company adopted the CICA Handbook Section 3870, the standard for stock-based compensation and other stock-based payments which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services provided by employees and non-employees. The standard requires that a fair-value-based method of accounting be applied to all stock-based payments to non-employees and to employee awards that are direct awards of stock that call for settlement in cash and other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments.

The company has prospectively applied the fair value based method to all stock options granted on or after October 1, 2003.

International Financial Reporting Standards (“IFRS”)

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Outstanding Share Data

The Company has one class of common shares. As at September 30, 2008 there were 12,001,583 common shares issued and outstanding. As at November 28, 2008, the effective date of this report, there are 12,001,583 common shares issued and outstanding.

A summary of stock option activities for the years presented is as follows:

	2008		2007	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, beginning of year	1,020,000	\$ 0.47	900,000	\$ 0.53
Granted	240,000	0.49	520,000	0.41
Exercised	(60,000)	0.42	(40,000)	0.45
Expired	(150,000)	0.75	(60,000)	0.75
Forfeited	-	-	(300,000)	0.51
Outstanding, end of year	<u>1,050,000</u>	\$ 0.44	<u>1,020,000</u>	\$ 0.47

As at September 30, 2008, the following stock options were outstanding:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE	NUMBER OF OPTIONS
280,000	\$ 0.45	May 23, 2011	280,000
20,000	\$ 0.43	July 16, 2011	20,000
20,000	\$ 0.42	August 14, 2011	20,000
10,000	\$ 0.34	August 21, 2011	10,000
300,000	\$ 0.40	November 19, 2011	300,000
60,000	\$ 0.35	December 12, 2011	60,000
20,000	\$ 0.46	May 6, 2012	13,333
50,000	\$ 0.50	September 11, 2012	16,667
50,000	\$ 0.49	September 20, 2012	16,667
15,000	\$ 0.48	October 14, 2012	5,000
80,000	\$ 0.49	June 1, 2013	-
60,000	\$ 0.56	June 12, 2013	-
20,000	\$ 0.54	June 18, 2013	-
5,000	\$ 0.43	September 1, 2013	-
60,000	\$ 0.41	September 8, 2013	-
<u>1,050,000</u>			<u>741,667</u>

Economic Dependence

The Company presently derives a substantial amount of its revenue from one distributor which contributed approximately 72% (2007 - 78%) of revenue for year ended September 30, 2008. The sales are made to the distributor under a distributorship agreement. The non-renewal or cancellation of the contract could have a material adverse short-term impact on the Company.

Amounts owing from one distributor comprised 63% (2007 - 91%) of the accounts receivable balance at September 30, 2008.

Contingencies

During the year, the Company was made aware of a potential legal claim against the Company arising in the ordinary course of business. In the opinion of management, the ultimate outcome of the potential claim and the amount of the claim, if any, is not determinable; and the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or cash flows. Accordingly, no provision has been recorded in the accounts as at September 30, 2008.