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Management Discussion and Analysis for the Period Ended September 30, 2007

The following discussion and analysis of the operations, results, and financial position of the company for the period ended September 30, 2007 should be read in conjunction with the September 30, 2007 audited financial statements and the related notes. The effective date of this report is November 29, 2007. 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, or 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.

Fiscal 2007 Summary of Activities and Business Results

- Strengthened Senior Management Team with the appointments of David Christie, President and CEO, and David Bonar, Vice President of Sales and Marketing.
- Appointed key personnel to support end-user and distribution customers including Cindy Wells, Director of Education, and Katherine Mitchell, Global Customer Service Representative.
- 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 Canadian Department of Defense.
- Established Asian Region Manager and initiated regulatory registration in China.
- Retained Latin American agent and initiated regulatory registration in Mexico.
- Expanded European presence and enhanced distribution in the EU and UK.
- Achieved record sales of \$4.8 million, demonstrating 60% growth over prior year.
- Attained consecutive quarterly revenue growth and profitability throughout the year.
- Launched design and development process for next generation **FAST1™** in February with completed functioning prototype ready by August.
- Filed with the FDA for an enhanced version of the **FAST1™** IO System.
- Achieved Top Ten ranking in Life Sciences category in the annual TSX Venture 50 listings, for the second time in three years, and graduated to Tier 1 status on the Toronto Venture Exchange.
- Launched Pyng's new corporate and brand identity.

Strategic Priorities for Fiscal 2008

- Aggressively pursue in-licensing and acquisition opportunities to expand product portfolio with technologies complimentary to **FAST1™** including trauma care products used in resuscitation.
- Continued expansion into additional large geographic markets in Europe, Asia and Latin America.
- Diversify into new vertical markets domestically and internationally.
- Broaden indications for use on **FAST1™**, subject to regulatory clearance(s).
- Initiate clinical trials to enable enhanced labelling for new applications.
- Appoint European Region Manager to support and expand EU distribution.
- Continue to increase and broaden sales with the US Federal Government.
- Leverage our market-leading performance and strong distribution channels to accelerate uptake of sternal intraosseous infusion in the emergency medical services, hospital and military markets internationally.
- Advance product development under engineering design controls of our next generation **FAST1™** family of Intraosseous Infusion Systems.
- Expand manufacturing capacity and further reduce cost of goods.
- Raise Pyng's profile with key stakeholder groups.

Selected Annual Information

	For the Year Ended September 30		
	2007	2006	2005
Net sales/total revenues	\$ 4,807,705	\$ 2,998,143	\$ 2,797,744
Net income after tax	858,788	68,798	223,786
Net income (loss) per share (basic & diluted)	0.09	0.01	0.02
Total assets	\$ 4,724,919	\$ 3,621,264	\$ 3,686,396
Total long-term financial liabilities	Nil	14,785	Nil
Cash dividends declared	Nil	Nil	Nil

Results of Operations

The Company sales for the fourth quarter ended September 30, 2007 was \$1,386,529 (2006: \$893,406); resulting in a 55% increase in sales over fiscal 2006. On a year to date basis, sales were \$4,807,705 (2006: \$2,998,143). This is a 60% increase in sales over fiscal 2006. Our flagship product the **FAST1™** Adult Intraosseous Infusion System is the largest selling Sternal IO System with over 111,000 units shipped to-date.

Cost of sales was \$444,188 (2006: \$322,109) providing a gross margin of \$942,341 or 68% (2006: \$571,297 or 64%). On a year to date basis, cost of sales was \$1,479,856 (2006: \$963,955) providing a Gross Margin of \$3,327,849 or 69% (2006: \$2,034,188 or 68%).

Total operating expenses (excluding cost of sales, amortization and stock based compensation) of \$684,636 for the quarter ended September 30, 2007 have increase compared to \$516,824 for the same quarter for 2006. However, on a percentage basis, operating expenses decreased from 58% of sales for the quarter ended September 30, 2006 to 49% for the quarter ended September 30, 2007. On a year to date basis, total operating expenses (excluding cost of sales, amortization and stock based compensation) of \$2,428,429 have increased compared to \$1,620,480 for 2006. On a percentage basis, operating expenses also decreased from 54% of sales for the year ended September 30, 2006 to 51% for the year ended September 30, 2007; despite the drop in the US dollar. This was largely due to controlling of expenditures to ensure financial targets were met.

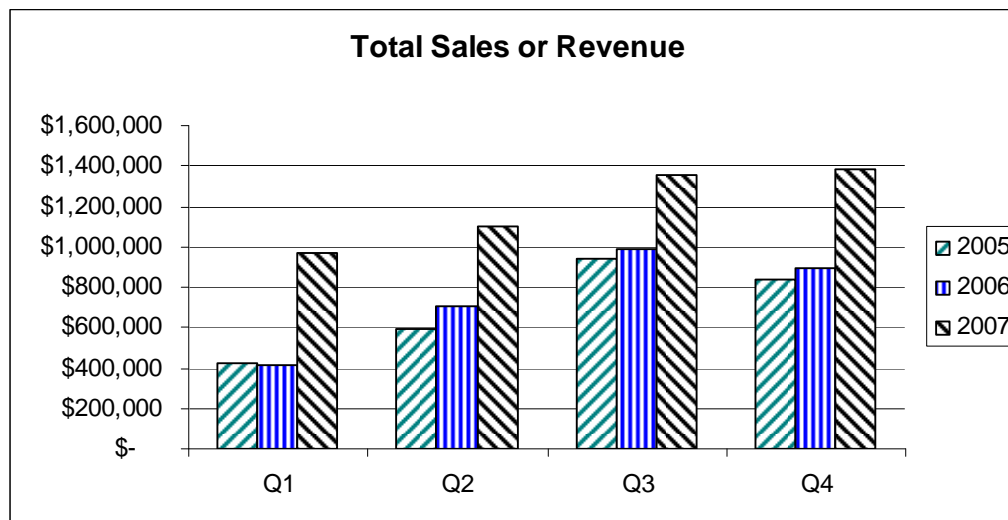
Net income after tax for the fourth quarter ended September 30, 2007 was \$583,840 (2006: loss \$108,317) resulting in cash inflows of \$284,864 (2006: \$127,693). For the year ended September 30, 2007, net income after tax was 858,788 (2006: \$68,798) with cash inflows of \$260,841 (2006: \$228,357).

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 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 move their purchases to one of our other distributors, resulting in minimal impact on Pyng.

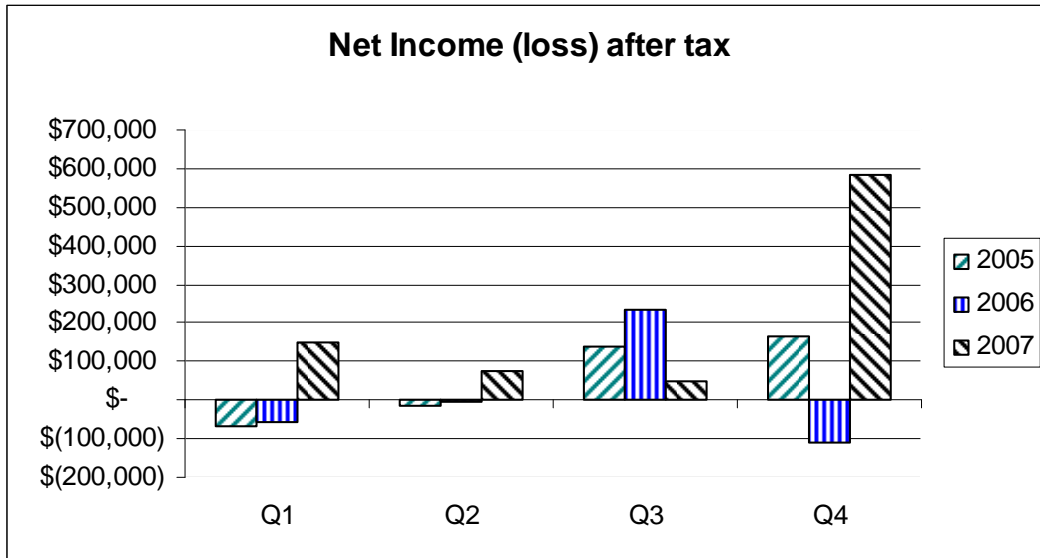
SUMMARY OF QUARTERLY RESULTS

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

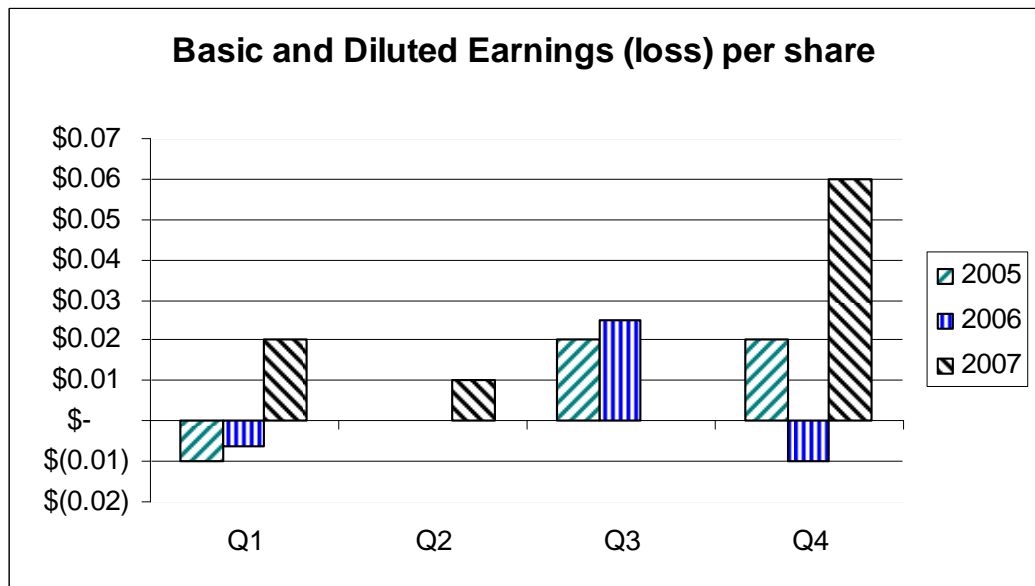
Total Sales or Revenue				
	Q1	Q2	Q3	Q4
2005	\$ 423,410	\$ 591,225	\$ 942,782	\$ 840,327
2006	\$ 416,191	\$ 703,336	\$ 985,210	\$ 893,406
2007	\$ 967,456	\$ 1,097,469	\$ 1,356,251	\$ 1,386,529



NET INCOME (LOSS) AFTER TAX				
	Q1	Q2	Q3	Q4
2005	\$ (65,549)	\$ (16,754)	\$ 140,095	\$ 165,994
2006	\$ (57,190)	\$ (1,661)	\$ 235,966	\$ (108,317)
2007	\$ 149,834	\$ 77,429	\$ 47,685	\$ 583,840



Basic and Diluted Earnings (loss) Per Share				
	Q1	Q2	Q3	Q4
2005	\$ (0.01)	\$ 0.00	\$ 0.02	\$ 0.02
2006	\$ (0.01)	\$ 0.00	\$ 0.03	\$ (0.01)
2007	\$ 0.02	\$ 0.01	\$ 0.00	\$ 0.06



Liquidity and Solvency

At September 30, 2007, the Company had a working capital of \$1,588,771 (2006: \$840,480). This was primarily due to increase in Cash and Accounts Receivable and no Loans Payable outstanding.

The Company is exposed to liquidity risk as its continued operations are dependent upon the Company realizing its account 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, 2007, consulting fees of \$156,870 (2006 - \$194,025), directors fees of \$8,252 (2006 - \$9,012), and commission of \$128,203 (2006 - \$115,088) were paid or accrued to the directors and a former director of the Company.

As at September 30, 2007, \$8,656 (2006 - \$58,603) was owing to directors for consulting fees, commissions, and expense reimbursements. The amount is included in accounts payable.

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

1. Director retained as a senior consultant; contract effective as of March 1, 2006. The term is for 24 months at \$55,000 CDN per annum. The contract expires on February 28, 2008.
2. Director consulting fees contract effective from April 1, 2006 to October 31, 2006 at \$96,000 CDN per annum.

3. Director consulting fees contract effective from April 1, 2006 to October 31, 2007 at \$72,000 USD per annum. This contract was ended on July 9, 2007.

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 the 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 new standard permitted the Company to continue its existing policy of recording no compensation cost on the grant of stock options to employees but to disclose on a pro forma basis net earnings and earnings per share had the Company adopted the fair value method for accounting for options granted to employees. No restatement of prior periods was required as a result of the adoption of the new standard.

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

Outstanding Share Data

The Company has one class of common shares. As at September 30, 2007 there were 13,691,583 common shares issued and outstanding. As at November 29, 2007, the effective date of this report, there are 13,711,583 common shares issued and outstanding.

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

	2007		2006	
	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, beginning of year	900,000	\$ 0.53	455,000	\$ 0.41
Granted	520,000	0.41	820,000	0.52
Exercised	(40,000)	0.45	(70,000)	0.20
Expired	(60,000)	0.75	(305,000)	0.37
Forfeited	(300,000)	0.51	-	0.75
Outstanding, end of year	<u>1,020,000</u>	\$ 0.47	<u>900,000</u>	\$ 0.53

As at September 30, 2007, the following stock options were outstanding:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
NUMBER OF SHARES	EXERCISE PRICE	EXPIRY DATE	NUMBER OF SHARES
150,000	\$ 0.75	October 12, 2007	150,000
320,000	\$ 0.45	May 23, 2008	200,000
20,000	\$ 0.43	July 16, 2008	13,333
20,000	\$ 0.42	August 14, 2008	13,333
10,000	\$ 0.34	August 23, 2008	6,667
300,000	\$ 0.40	November 19, 2008	100,000
60,000	\$ 0.35	December 12, 2008	20,000
20,000	\$ 0.36	March 6, 2009	20,000
20,000	\$ 0.46	May 6, 2009	-
50,000	\$ 0.50	September 12, 2009	-
50,000	\$ 0.49	September 20, 2009	-
<u>1,020,000</u>			<u>523,333</u>

Economic Dependence

The Company presently derives a substantial amount of its revenue from one distributor which contributed approximately 78% (2006: 79%) of revenue for the year ended September 30, 2007. The sales are made to a 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 91% (2006: 68%) of the accounts receivable balance at September 30, 2007.

Disclosure and Internal Financial Reporting Control and Procedures

The Company has evaluated its disclosure and internal financial reporting controls and procedures as of September 30, 2007 and concluded that the Company's disclosure and internal financial reporting controls and procedures, as at September 30, 2007, are effective in ensuring that material information is disclosed adequately and timely. The Company's disclosure and internal financial reporting controls and procedures can only provide reasonable assurance and not absolute assurance and the Company will re-evaluate its system and make necessary improvements from time to time.