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Management Discussion and Analysis for the Period Ended June 30, 2009

The following discussion and analysis of the operations, results, and financial position of the company for the period ended June 30, 2009 should be read in conjunction with the June 30, 2009 unaudited financial statements and the related notes. The effective date of this report is August 17, 2009. 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.

Third Quarter Fiscal 2009 Summary of Activities and Business Results

- An exclusive prime vendor agreement was signed with Tri-anim Health Services, Inc. (Sarnova LLC) to extend the company's products into the hospital market. Tri-anim Health Services will exclusively distribute the FAST1 for IO procedures and the T-POD for pelvic stabilization to various hospital facilities within the US.
- Pyng Medical's June 2008 asset acquisition of BioCybernetics International products is beginning to pay dividends, both in revenue contribution and our strategic objective to diversify the customer base. The company's focus on building the EMS and Hospital customer base is evidenced by the Q2 to Q3 revenue growth in the MAT tourniquet of 96% and a 174% increase in the TPOD pelvic binding system. The company's CRIC® Cricothyroidotomy Kit, having received the European medical CE mark is expected to be shipped in September to Canada, Europe and Asia-Pacific distributors.
- Both the innovative nature of the CRIC® device and the absence of an appropriate predicate device has slowed the process of obtaining the FDA 510K clearance.
- The company's new Intraosseous product line addition, the FASTx, continues to progress and is in the last stages of final testing and a Q1 FDA 510K submittal is anticipated.
- Bill Saltzstein joined the Pyng leadership team to improve the company's ability to bring innovative solutions to market more rapidly and effectively. Mr. Saltzstein's experience in medical product design and development will assist the company in developing new solutions for trauma medical care, as well as enhancing the company's existing product lines.
- FAST1 sales were negatively impacted due to diminished military offensive operations and less severe injuries sustained by military personnel and civilians. Based on the military market conditions, the total annual revenue projection has been revised from \$6.5 million (as presented at the March 11, 2009 AGM) to \$6.2 million. Expenditures and staff resources have been reduced to align with the revised revenue projection.

Results of Operations

The Company's sales for the fiscal 2009 third quarter ended June 30, 2009 was \$1,288,743 (2008: \$1,624,967). On a year to date basis, sales were \$4,307,905 (2008: \$4,380,943). Our flagship product the **FAST1®** Intraosseous Infusion System is the largest selling Sternal IO System with over 197,000 units shipped to-date.

Cost of sales for the third quarter of fiscal 2009 was \$388,451 (2008: \$465,412) providing a gross margin of \$900,292 or 70% (2008: \$1,159,555 or 71%). On a year to date basis, cost of sales was \$1,269,513 (2008: \$1,304,105) providing a gross margin of 3,038,392 or 71% (2008: \$3,076,838 or 70%)

Total operating expenses (excluding cost of sales, amortization and stock based compensation) of \$879,603 for the quarter ended June 30, 2009 have decreased compared to \$922,528 for the same quarter for 2008. On a percentage basis, operating expenses increased from 57% of sales for the quarter ended June 30, 2008 to 68% for the quarter ended June 30, 2009. On a year to date, total operating expenses (excluding cost of sales, amortization and stock based compensation) were \$2,902,866 or 67% of sales compared to \$2,353,382 or 54% of sales for 2008.

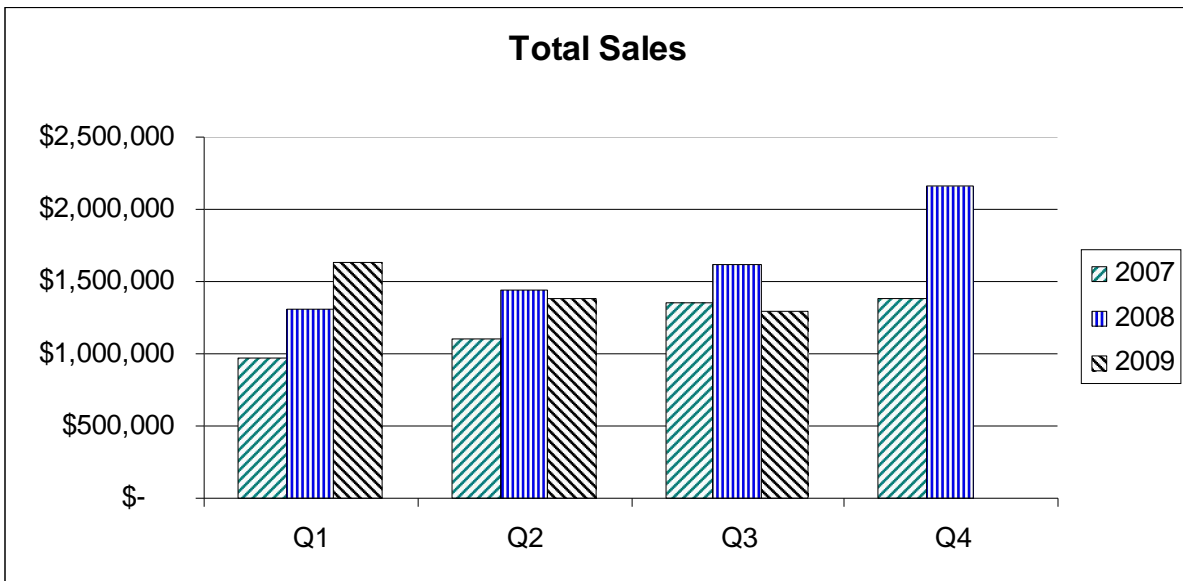
Net loss before tax for the quarter ended June 30, 2009 was \$101,518 (2008: income \$97,573). Cash inflow for the quarter ended June 30, 2009 was \$153,328 (2008: outflow \$723,611). Year to date, net loss was \$285,433 (2008: income \$293,414) resulting in cash outflow of \$333,840 (2008: outflow \$666,367).

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 is 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

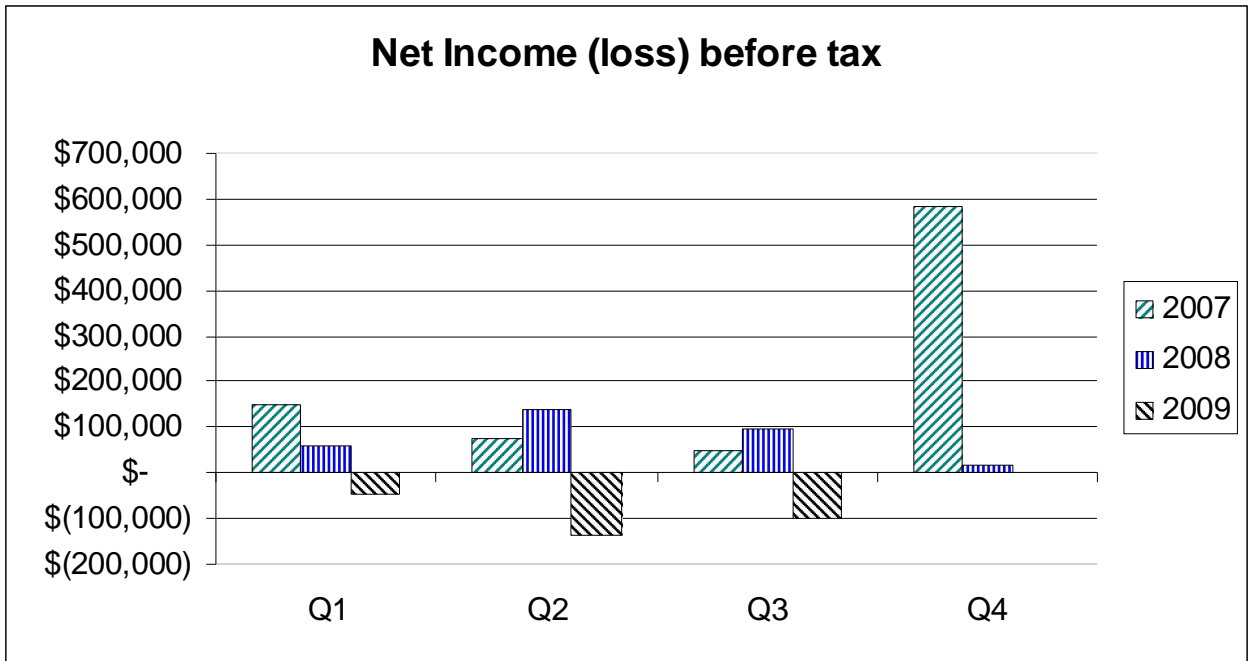
The following tables and charts set out selected quarterly information for the last ten quarters.

		Total Sales			
		Q1	Q2	Q3	Q4
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
2009	\$	1,633,985	\$ 1,385,177	\$ 1,288,743	



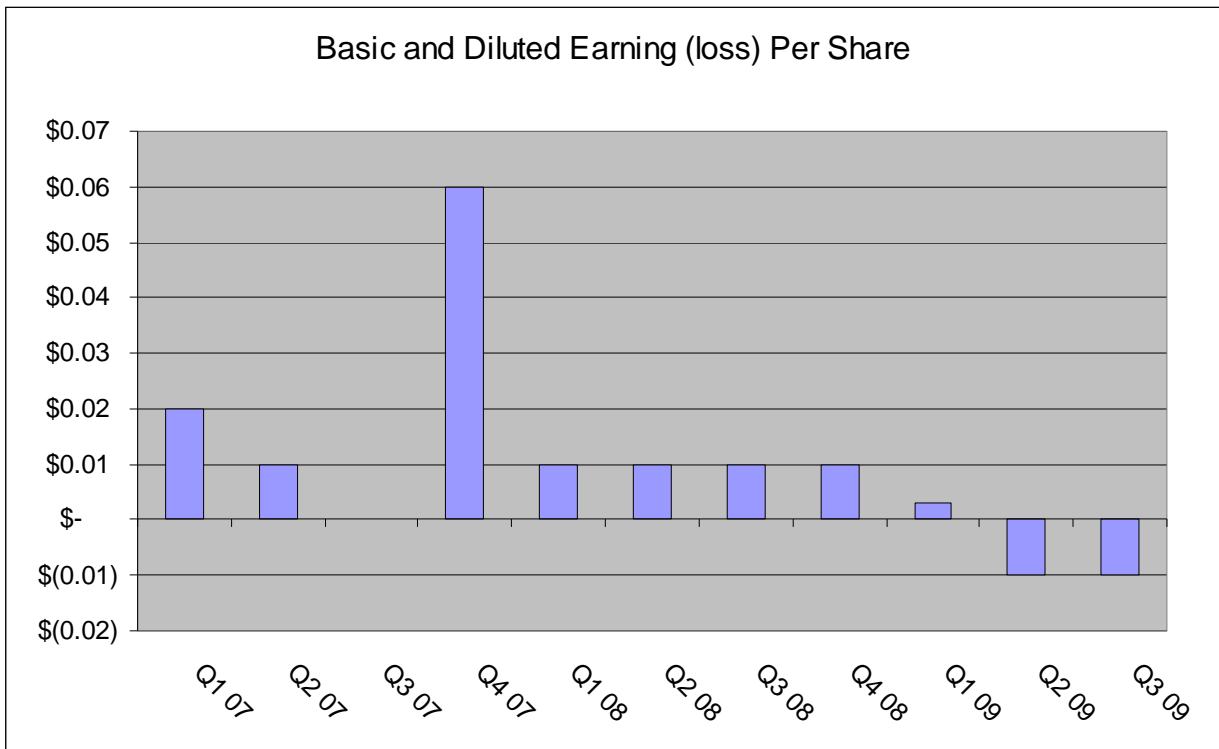
Summary of Quarterly Results (Continued)

NET INCOME (LOSS) BEFORE TAX				
	Q1	Q2	Q3	Q4
2007	\$ 149,834	\$ 77,429	\$ 47,685	\$ 583,840
2008	\$ 57,119	\$ 138,722	\$ 97,573	\$ 16,111
2009	\$ (45,989)	\$ (137,926)	\$ (101,518)	



Summary of Quarterly Results (Continued)

Basic and Diluted Earnings (loss) Per Share							
	Q1		Q2		Q3		Q4
2007	\$	0.02	\$	0.01	\$	0.00	\$ 0.06
2008	\$	0.01	\$	0.01	\$	0.01	\$ 0.01
2009	\$	0.00	\$	(0.01)	\$	(0.01)	



Liquidity and Solvency

At June 30, 2009, the Company had a working capital of \$244,413 (2008: \$968,062). The decrease in working capital was due to greater investment on product development during the fiscal year of 2009.

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

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

a) Payment to Directors

During the period ended June 30, 2009, consulting fees of \$125,401 (2008 - \$4,085) and directors fees of \$19,126 (2008 - \$21,978) were paid or accrued to the directors of the Company.

As at June 30, 2009, \$9,758 (2008 - \$7,444) was owing to directors for consulting fees and expense reimbursements. The amount is included in accounts payable.

b) Contractual Commitments with Directors

As at June 30, 2009, the Company did not have contractual commitments with directors.

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 2008 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 2009 should be amortized on a per unit basis based on the sales volume projection for the next six 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 June 30, 2009 there were 12,001,583 common shares issued and outstanding. As at August 17, 2009, the effective date of this report, there are 12,001,583 common shares issued and outstanding.

A summary of stock option activities for the quarter ended June 30, 2009 and for the fiscal year ended 2008 are presented as follows:

	June 30, 2009		September 30, 2008	
	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding, beginning of year	1,050,000	\$ 0.44	1,020,000	\$ 0.47
Granted	131,200	0.39	240,000	0.49
Exercised	-	-	(60,000)	0.42
Expired	-	-	(150,000)	0.75
Forfeited	(425,000)	0.42	-	-
Outstanding, end of period	<u>756,200</u>	\$ 0.44	<u>1,050,000</u>	\$ 0.44

Outstanding Share Data (Continued)

As at June 30, 2009, the following stock options were outstanding:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE
NUMBER OF OPTIONS	EXERCISE PRICE	EXPIRY DATE	NUMBER OF OPTIONS
275,000	\$ 0.45	May 23, 2011	275,000
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
60,000	\$ 0.35	December 12, 2011	60,000
50,000	\$ 0.50	September 11, 2012	50,000
81,200	\$ 0.23	May 10, 2013	-
50,000	\$ 0.49	June 1, 2013	33,334
60,000	\$ 0.56	June 12, 2013	40,000
20,000	\$ 0.54	June 18, 2013	13,334
60,000	\$ 0.41	September 8, 2013	20,000
50,000	\$ 0.20	May 18, 2014	-
<u>756,200</u>			<u>541,668</u>

Economic Dependence

The Company presently derives a substantial amount of its revenue from one distributor which contributed approximately 79% (2008 - 73%) of revenue for period ended June 30, 2009. 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 58% (2008 - 80%) of the accounts receivable balance at June 30, 2009.

Contingencies

During the fiscal year of 2008, the Company was made aware of a potential legal claim arising in the ordinary course of business. As at June 30, 2009, there have been no legal proceedings filed against the Company. However, in the opinion of management, it is probable that the Company could be liable for an amount up to USD\$56,494. As such, a provision for the amount of USD\$56,494 has been recorded in the accrued liabilities as at June 30, 2009.