

FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: Nass Valley Gateway Ltd. (the "Issuer").

Trading Symbol: "NVG"

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the CSE Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the CNSX.ca website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the CSE Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

The condensed consolidated interim financial statements for the second quarter ended June 30, 2016 are attached hereto as Schedule A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related Party Transactions

During the six months ended June 30, 2016, the Company entered into the following transactions with related parties.

Key Management personnel compensation

No remuneration was paid during the six months ended June 30, 2016 to any key management personnel besides the Corporate Secretary whose salary is reimbursed in equal parts by Mineral Hill Industries Ltd. and The Elleet Network Corp.

During the six months ended June 30, 2016, the Company incurred \$7,500 (2015: \$3,751) *with respect to the foregoing*.

Other related party transactions

The amounts outstanding to related parties with respect to the above were as follows;

	June 30 2016 (Unaudited)	December 31 2015 (Audited)
Mineral Hill Industries Ltd.	\$ -	\$ -
Mineral Hill Industries Ltd. (in accounts payable)	1,743	1,743
GMM Admin Corp.	-	-
Merfin Management Limited	-	-
	\$ 1,743	\$ 1,743

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties. The amounts are non-interest bearing with no formal terms of repayment.

Advances from related party

The Company entered into loan agreements with Merfin Management Limited ("Merfin"), a private company with a common director for a loan totaling \$Nil (Dec 31, 2015: \$Nil). Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum. During the six months ended June 30, 2016, the Company incurred \$Nil (Dec 31, 2015: \$4,940) in interest on the outstanding loans before paying back the loan in full.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) There were no securities issued during the period.
- (b) There were no options granted during the period.

3. Summary of securities as at the end of the reporting period.

	Number of Common Shares	Amount
Authorized Share Capital	Unlimited	
Balance, June 30, 2016	31,751,977	\$3,210,080

The following is a summary of options, warrants and convertible securities outstanding as at the second quarter ended June 30, 2016.

	No. of Shares under Option/Warrants	Exercise Price	Expiry Date
Options	248,329	\$0.10	November 12, 2016
Options	305,000	\$0.10	November 12, 2016
Options	548,500	\$0.10	April 28, 2018
Total Options	1,101,829		

	No. of Shares under Option/Warrants	Exercise Price	Expiry Date
Warrants	11,450,000	\$0.10	May 1, 2016
Warrants	1,363,042	\$0.10	July 25, 2019
Warrants	3,500,000	\$0.20	October 16, 2016
Total Warrants	16,313,042		
Total	17,414,871		

There were no outstanding shares held in escrow as at June 30, 2016.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

The Directors and Officers as at the date of this report are:

Dieter Peter	President, CEO and a Director (Mineral Hill Industries Ltd.)
Andrew von Kursell	Director (Mineral Hill Industries Ltd.) (appointed interim CFO, effective June 17, 2014)
Eric Peter-Kaiser	Director, (appointed April 24, 2015)
Milo Filgas	Director, (elected on October 16, 2015)
Mike Kelm	Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

The Interim MD&A is attached hereto as Schedule C.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated: August 29, 2016

Dieter Peter
Name of Director or Senior Officer

"Dieter Peter"
Signature

Director & CEO
Official Capacity

Issuer Details Name of Issuer Nass Valley Gateway Ltd.	For Quarter Ended June 30, 2016	Date of Report YY/MM/DD 2016/08/29
Issuer Address 1140-13700 Mayfield Place		
City/Province/Postal Code Richmond, B.C. V6V 2E4	Issuer Fax No. (604) 278-1139	Issuer Telephone No. (604) 278-1132
Contact Name Dieter Peter	Contact Position President & CEO	Contact Telephone No. (604) 278-1132
Contact Email Address info@3xgmm.com	Web Site Address www.nassvalleyglobal.com	

Schedule A

Financial Statements

NASS VALLEY GATEWAY LTD.
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
June 30, 2016 and 2015
(Expressed in Canadian Dollars)
(Unaudited)

NASS VALLEY GATEWAY LTD.

Contents

	<u>Page</u>
Notice of no auditors' review	1
Condensed interim consolidated statements of financial position	2
Condensed interim consolidated statements of comprehensive loss	3
Condensed interim consolidated statements of changes in equity	4
Condensed interim consolidated statements of cash flows	5
Notes to the condensed interim consolidated financial statements	6-18

**NOTICE OF NO AUDITORS' REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Nass Valley Gateway Ltd.

Condensed interim consolidated statements of financial position

(Expressed in Canadian Dollars)

	Note	June 30 2016 (Unaudited)	December 31 2015 (Audited)
		\$	\$
ASSETS			
Current assets			
Cash and equivalents	4	190,424	245,287
Marketable securities	5	264	264
Amounts receivable		16,447	-
Amounts receivable from related parties	6	20,342	20,342
		227,477	265,893
Non-current assets			
Reclamation bond		3,000	3,000
		230,477	268,893
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		4,466	7,875
Due to related parties	6	-	-
		4,466	7,875
Shareholders' deficiency			
Controlling interest			
Share capital	7	3,216,971	3,216,971
Share based payment reserve		536,406	533,935
Deficit		(3,527,366)	(3,489,888)
		226,011	261,018
Non-controlling interest	2(a)	-	-
		226,011	261,018
		230,477	268,893

Nature and Continuance of Operations (Note 1)
Subsequent event (Note 10)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on August 24, 2016 and were signed on its behalf:

"Dieter Peter"

Dieter Peter, Director

"Andrew von Kursell"

Andrew von Kursell, Director

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Nass Valley Gateway Ltd.
Condensed interim consolidated statements of comprehensive loss
(Expressed in Canadian Dollars)
(Unaudited)

	For the three months ended June 30		For the six months ended June 30	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue	-	-	-	-
Expenses				
Accounting and legal	15,000	8,500	15,000	8,500
Administrative services	(7,500)	-	(15,000)	(7,500)
Investor relations	160	561	320	2,608
Loan interest expenses and bank charges	65	2,426	140	4,436
Office expenses	1,882	797	3,165	2,069
Rent	900	900	1,800	1,800
Share-based payments	597	22,011	2,471	22,011
Transfer agent and filing fees	2,795	4,486	7,399	7,019
Travel and promotion	8	-	8	-
Wages and salaries	11,252	-	22,505	11,253
Loss (gain) before other items	(25,159)	(39,681)	(37,808)	(52,196)
Other items				
Income tax recovery	-	-	130	-
Gain on disposal of subsidiaries	-	-	100	-
	-	-	230	-
Net loss and comprehensive loss	(25,159)	(39,681)	(37,578)	(52,196)
Net loss and comprehensive loss attributable to:				
Controlling interest	(25,159)	(39,681)	(37,578)	(52,196)
Non-controlling interest	-	-	-	-
Net loss per share, basic and diluted	\$ (0.00)	(0.00)	(0.00)	(0.00)
Weighted average number of shares outstanding	31,751,977	27,346,977	31,751,977	27,346,977

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Nass Valley Gateway Ltd.
Condensed interim consolidated statements of changes in equity
For the six months ended June 30, 2016 and 2015
(Expressed in Canadian Dollars)

	Share Capital			Share based payment reserve		
	Note	Number of shares	Amount	Deficit	Total	
		\$	\$	\$	\$	
Balance, January 1, 2015 (audited)		27,346,977	2,769,580	335,998	(3,226,392)	(120,814)
Issuance of common shares	7(b)	-	-	-	-	-
Share based payments	7(c) & (d)	-	-	22,011	-	22,011
Comprehensive loss		-	-	-	(52,196)	(52,196)
Balance June 30, 2015 (unaudited)		27,346,977	2,769,580	358,009	(3,278,588)	(150,999)
Balance, January 1, 2016 (audited)		31,751,977	3,216,971	533,935	(3,489,888)	261,018
Share based payments	7(c)	-	-	2,471	-	2,471
Adjustment write-off for subsidiary		-	-	-	100	100
Comprehensive loss		-	-	-	(37,578)	(37,578)
Balance, June 30, 2016 (unaudited)		31,751,977	3,216,971	536,406	(3,527,366)	226,011

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Nass Valley Gateway Ltd.
Condensed interim consolidated statements of cash flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended June 30		Six months ended June 30	
	2016	2015	2016	2015
Cash flows from operating activities				
Net loss for the period	\$ (25,160)	\$ (39,681)	\$ (37,578)	\$ (52,196)
<i>Items not affecting cash:</i>				
Stock-based compensation	597	22,011	2,471	22,011
Accrued interest	-	2,360	-	4,347
<i>Changes in non-cash working capital items:</i>				
Decrease (increase) in amounts receivable	(7,883)	17,142	(16,448)	10,855
Increase in due from related parties	-	(11,449)	-	(11,449)
Increase in due to related parties	-	10,500	-	25,000
Increase (decrease) in accounts payable and accrued liabilities	(1,333)	(2,332)	(3,408)	(3,064)
	(33,779)	(1,449)	(54,963)	(4,496)
Cash flows from financing activities				
Cash from disposal of subsidiaries	-	-	100	-
	-	-	100	-
Cash flows from investing activities				
	-	-	-	-
	-	-	-	-
Increase/(decrease) in cash and equivalents	(33,779)	(1,449)	(54,863)	(4,496)
Cash and equivalents, beginning of the period	224,203	8,607	245,287	11,654
Cash and equivalents, end of the period	\$ 190,424	\$ 7,158	\$ 190,424	\$ 7,158
Supplemental cash flow disclosures:				
Taxes paid	-	-	-	-
Interest paid	-	-	-	-

(The accompanying notes are an integral part of these condensed interim consolidated financial statements)

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)*

1. NATURE AND CONTINUANCE OF OPERATIONS

Nass Valley Gateway Ltd. (the "Company" or "NVG") is incorporated under the laws of British Columbia, Canada and its principal business activities included acquisition and exploration of mineral properties in Ontario and British Columbia, Canada. The Company's shares are listed on the Canadian Securities Exchange ("CSE") trading under the symbol "NVG". The principal business address of the Company is 1140-13700 Mayfield Place, Richmond, BC, V6V 2E4.

On June 18, 2015 the Company entered into a Definitive Purchase Agreement ("Definitive Agreement") with S.R. Haddon Industries Ltd. ("SRH"), a private company incorporated under the laws of the British Virgin Islands that researches and develops transdermal delivery systems. Under the terms of the Definitive Agreement, the Company would acquire 100% of shares of SRH. During the second quarter of 2016, the Company learned that the acquisition of SRH would not receive Exchange approval and, as a result, is no longer being pursued by the Company. On the advice of its securities lawyer the Company obtained outside legal counsel in regard to the acquisition. On July 4, 2016, the Company's legal counsel sent a letter to Haddon's Canadian attorney stating that the agreement has not become effective as it did not meet CSE's requirement for listing approval.

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company's assets may be materially less than the amounts recorded in these consolidated financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. At June 30, 2016, the Company had an accumulated deficit of \$3,527,366 which has been funded primarily by the issuance of equity. Ongoing operations of the Company are dependent upon the Company's ability to receive continued financial support, complete equity financings, the successful commercialization of its new technologies and ultimately the generation profitable operations in the future. These factors raise significant doubt about the Company's ability to continue as a going concern.

Basis of measurement and preparation

These condensed interim consolidated financial statements have been prepared under IFRS in accordance with IAS 34 – *Interim Financial Reporting*. Certain information, in particular the accompanying notes, normally included in the consolidated annual financial statements prepared in accordance with IFRS have been omitted or condensed. Accordingly, these condensed financial statements do not include all the information required for full annual statements.

The condensed interim consolidated financial statements are prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss which have been measured at fair value.

The policies set out in the ensuing paragraphs have been consistently applied to all periods presented unless otherwise noted.

The condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

2. SIGNIFICANT ACCOUNTING POLICIES**a) Principles of consolidation**

These condensed interim consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Global Environomic Systems Corp. and Nass Energy Inc. Both of these wholly owned subsidiaries were disposed of as disclosed in Note 6. They also include the assets and operations of M-Wave EnvioTech Inc., an entity in which NVG had 60% ownership, up to January 8, 2014, and which was removed from the BC Corporate registry in November 2015.

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)***2. SIGNIFICANT ACCOUNTING POLICIES (continued)****a) Principles of consolidation (continued)**

In preparing the condensed interim consolidated financial statements, all intercompany balances and transactions among the group entities are eliminated.

Non-controlling interests are net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statements of comprehensive loss, statement of changes in equity and financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary.

The continuity of the non-controlling interest is comprised as follows:

	\$
Balance, December 31, 2012 and 2013	400
Termination of joint-venture, 2014	(400)
Balance, June 30, 2016 and December 31, 2015	-

b) Significant accounting judgements and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next financial period. They are the following:

- Share based payments are based upon expected volatility and option life estimates;
- The provision of income taxes is based on judgements in applying income tax law and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities;
- The determination of the fair value of bonus warrants issued to Merfin Management Limited
- The determination of the fair value of The Elleet Network Corp. shares (formerly Kirkland Precious Metals Corp.)

The assessment of the Company's ability to develop the market and commercialize new technologies and obtain financing to fund the future working capital requirements involves judgement. Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment include the going concern assumption.

c) Cash and equivalents

Cash is comprised of cash on hand and term deposits. Cash equivalents include short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Foreign currency

The presentation and functional currency of the Company and each of its subsidiaries is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a currency other than the functional currency are retranslated at historical exchange rates.

e) Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resourced embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

f) Share-based payments

The fair value of stock options granted is measured at grant date using the Black-Scholes option pricing model. Where options are granted to consultants for goods or services rendered, the options are measured at the fair value of the goods or services received by the Company. If the fair value of the goods and services received cannot be reliably measured, the fair value of the stock option granted is used instead. At each reporting date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are expected to ultimately vest is computed. The movement in cumulative expense is recognized in the statement of loss with a corresponding entry within equity, against share based compensation reserve. No expense is recognized for awards that do not ultimately vest. When options are exercised, the proceeds received together with any related amount in share based compensation reserve is credited to share capital.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when vesting conditions are not satisfied, the Company immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

g) Loss per share

Basic loss per share is computed by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. To compute diluted loss per share, adjustments are made to common shares outstanding. The weighted average number of common shares outstanding is adjusted to include the number of additional common shares that would be outstanding if, at the beginning of the period or at time of issuance, all options and warrants were exercised. The proceeds from exercise are assumed to be used to purchase the Company's common shares at their average market price during the period. For the periods presented, this calculation proved to be anti-dilutive.

h) Share issue costs

Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise, they are expensed as incurred. Share issue costs are

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Share issue costs (continued)

charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are expensed.

i) Valuation of equity units issued in private placements

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the most easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component.

j) Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities that affect neither accounting loss nor taxable loss and differences relating to investments in subsidiaries to the extent that they are unlikely to reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the underlying assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. To the extent that the Company does not consider it more likely than not that a deferred tax asset will be recovered, it does not recognize the asset. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

k) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loan and receivables, and available for sale investments. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition. It is management's opinion that the Company is not exposed to significant interest or credit risk arising from these financial instruments.

- *Financial assets at fair value through profit or loss*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets and include cash and equivalents and marketable securities, which are initially recognized at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial instruments (continued)

Financial assets (continued)

- *Loans and receivables*

Loans and receivables are non-derivative financial assets which fixed or determinable payments that are not quoted in an active market. Assets in this category are measured at amortized cost. They are classified as current or non-current assets based on their maturity date. Assets in this category include amounts receivable from related parties and are measured at amortized cost less impairment.

- *Available-for-sale financial assets*

Available-for-sale financial assets are either designated as available for sale or not classified in any other categories. They are initially recognized at fair value plus transaction costs and are subsequently carried at fair value, with unrealized gains and losses recorded in other comprehensive income until disposition or other-than-temporary impairment at which time the gain or loss is recorded in earnings. The Company does not have any available-for-sale financial assets.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss – this category comprises of derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of comprehensive loss.

Other financial liabilities – this category includes accounts payable and due to related parties, are initially recognized at fair value and subsequently stated at amortized cost. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the date of the statement of financial position.

Impairment of financial assets

The Company assesses at each reporting date, whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss, as follows:

- Financial assets carried at amortized cost: the loss is the difference between the amortized cost and its value of estimated future cash flows, discounted using the instrument's original effective interest rate;
- Available-for-sale financial assets: The loss is the amount comprising the difference between its original cost and its current fair value, less any impairment previously recognized in the statement of loss. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net loss.
- Reversals of impairment losses on financial assets carried at amortized cost are recorded through the statement of loss if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss had been recognized. Impairment on available-for-sale instruments is not reversed.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Adoption of new pronouncements

The Company adopted the following accounting policies effective January 1, 2015:

IFRIC 21 Levies - In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy.

IAS 32 – Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

IAS 36 Impairment of Assets - In May 2013, the IASB issued amendments to IAS 36 which restricts the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

The following standard will be effective for annual periods beginning on or after January 1, 2017:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)***4. CASH AND EQUIVALENT**

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)
	\$	\$
Bank & petty cash	185,424	240,287
Term deposit	5,000	5,000
	190,424	245,287

5. MARKETABLE SECURITIES

	June 30, 2016	December 31, 2015
The Elleet Network Corp.		
Number of shares	8,802	8,802
	\$	\$
Book value	264	3,081
Fair value	264	264
Unrealized loss on marketable securities	-	2,817

During the year ended December 31, 2014, The Elleet Network Corp. (formerly Kirkland Precious Metal Corp.) ("Elleet") settled \$22,006 in amounts payable to the Company by issuing 8,802 common shares (440,120 common shares pre-consolidated). The fair value of these shares was determined to be \$0.35 (\$0.007 per share pre-consolidated) for a total of \$3,081. As a result, a loss on settlement of debt of \$18,925 was recorded.

As at December 31, 2015, the fair value of these shares was determined to be \$0.03 per share for a total of \$264. As a result, an unrealized loss on marketable securities in the amount of \$2,817 was recorded for the year ended December 31, 2015.

6. RELATED PARTY TRANSACTIONS**Key Management compensation**

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members. Key management compensation consists of the following for the six months ended June 30, 2016 and 2015:

	June 30, 2016	Dec 31, 2015
Transactions	\$	\$
Management and office administration fees:		
Paid to a company controlled by the CEO	-	1,862
Salary:		
Paid to the Company's Corporate Secretary	7,500	11,878

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)*

The amounts due from (to) related parties were as follows and relate mainly to the reimbursement of equal shares in the salary of the Corporate Secretary:

	June 30, 2016	Dec 31, 2015
	\$	\$
Due from related parties:		
The Eelleet Network Corp.	21,694	13,123
Mineral Hill Industries Ltd.	15,096	7,219
	36,790	20,342
Due to related parties:		
Merfin Management Limited ("Merfin") (see below)	-	-
	-	-
Amounts outstanding to related parties included in accounts payable		
Mineral Hill Industries Ltd.	-	1,743
	-	1,743

Advances from related party

On December 29, 2014, the Company settled loan payable to Merfin, a private company with a common director, in the amount of \$195,000 by issuing 2,437,500 common shares, at a fair value of \$0.08 per share (see also Note 7(b)). The loan was unsecured, bore interest at 8.50% per annum and was due on demand. The Company also issued 1,363,042 bonus warrants to Merfin on July 25, 2014 as a bonus interest expense (see also Note 7(d)).

In addition, during the year ended December 31, 2014, the Company also settled the loan payable to Mineral Hill in the amount of \$25,000 by issuing 312,500 common shares, at a fair value of \$0.08 per share (see also Note 7). The loan was fully repaid in August 2015.

During the six months ended June 30, 2016, Merfin advanced \$Nil (2015 - \$117,802) to the Company. The Company recorded \$Nil interest expense as at June 30, 2016 (2015 - \$4,347)

In 2015, the Company disposed of two subsidiaries, Global Environomic Systems Corp to Mineral Hill and Nass Energy Inc in trust for no consideration. Both subsidiaries were inactive and dormant.

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

7. SHARE CAPITAL**a) Authorized share capital**

At June 30, 2016, the authorized share capital of the Company comprised of an unlimited number of common shares at no par value. All issued and outstanding shares are fully paid.

b) Issue of common shares

During the six months ended June 30, 2016 no common shares were issued.

During the year ended December 31, 2015 the Company issued the following common shares:

- (a) The Company issued 355,000 common shares on exercise of 355,000 options at \$0.10 per option. \$10,891 was reversed from contributed surplus to share capital.
- (b) The Company issued 550,000 common shares on exercise of 550,000 warrants at \$0.10 per warrant.

Nass Valley Gateway Ltd.

Notes to the condensed interim consolidated statements of financial position

For the six months ended June 30, 2016 and 2015

(Expressed in Canadian Dollars)

(Unaudited)

- (c) On October 16, 2015 the Company closed a private placement of 3,500,000 units at a price of \$0.10 per unit for gross proceeds of \$350,000. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitled the holder to purchase one common share at a price of \$0.20 per warrant until October 16, 2016. No value was allocated to the warrants included in these units as the warrants had no intrinsic value at the time the units were issued. The Company incurred \$4,000 in share issuance costs.

During the year ended December 31, 2014 the Company issued the following common shares:

- (d) 2,437,500 common shares to Merfin Management Limited at a fair value of \$0.08 per share as debt settlement of \$195,000 (see also Note 6).
- (e) 312,500 common shares to Mineral Hill Industries Ltd. at a fair value of \$0.08 per share as debt settlement of \$25,000 (see also Note 6).
- (f) 48,775 common shares to Mr. Stuart Jackson at a fair value of \$0.08 per share as debt settlement of \$3,902.

No gain or loss has been recorded on the above noted transactions as they were considered to be transactions with counterparties in their capacities as shareholders and accordingly were accounted as equity transactions.

On March 7, 2014, the Company issued 131,119 common shares, valued at \$13,112, to the Company's Landlord as payment for its rent expense for the period from December 2013 to November 2014. The common shares were issued at a price of \$0.10 which was considered their fair value.

c) Stock options

The Company grants stock options to employees, directors, officers, and consultants as compensation for services pursuant to its Stock Option Plan (the "Plan"). Options issued pursuant to the Plan must have an exercise price greater than or equal to the "Market Price" of the Company's stock on the grant date less applicable discounts. Options have a maximum expiry period of up to five years from the grant date and are subject to the minimum vesting requirements, as determined by the Board of Directors.

The number of options that may be issued under the Plan is limited to no more than 10% of the Company's issued and outstanding shares on the grant date. Stock options granted to directors vest at a rate of 50% on the grant date and the balance on the first anniversary of the grant date. Stock options granted to employees vest at a rate of 50% on the first anniversary of the grant date and the balance on the second anniversary of the grant date.

During the year ended December 31, 2014, 285,832 stock options were forfeited due to the resignation of the officer and director of the Company.

On April 28, 2015, the Company granted 601,000 stock options to directors, officers and employees. Share-based compensation of \$39,350 was recorded. The weighted average fair value of the 601,000 options was \$0.07. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 0.90%, the expected life of 3 years, expected volatility of 324%, forfeiture rate of 0% and expected dividends of \$Nil.

On November 6, 2015 the Board of Directors passed a resolution to extend the options with an expiry date in 2015 for an amount of time equal to the length of the trading halt which commenced on August 18, 2015. As a result, the extension of the options was considered as a modification of options and share-based compensation of \$169,478 was recorded. The weighted average fair value of these modified options was \$0.31. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 0.41%, the expected life of 0.62 years, expected volatility of 377%, forfeiture rate of 0% and expected dividends of \$Nil.

Nass Valley Gateway Ltd.
Notes to the condensed interim consolidated statements of financial position
For the six months ended June 30, 2016 and 2015
(Expressed in Canadian Dollars)

(Unaudited)

The following tables summarize the continuity of the Company's stock options:

Expiry Date	Exercise Price	Dec 31 2015 (audited)	Granted	Exercised	Expired/ Forfeited	Cancelled	June 30 2016 (unaudited)
	\$						
November 12, 2016	0.10	248,329	-	-	-	-	248,329
November 12, 2016	0.10	305,000	-	-	-	-	305,000
April 28, 2018	0.10	548,500	-	-	-	-	548,500
		1,101,829	-	-	-	-	1,101,829
Weighted average exercise price							\$0.10

Expiry Date	Exercise Price	Dec 31 2014	Granted	Exercised	Expired/ Forfeited	Cancelled	Dec 31 2015
	\$						
November 12, 2016	0.10	488,329	-	(115,000)	-	(125,000)	248,329
August 28, 2015	0.10	20,000	-	(17,500)	-	(2,500)	-
November 12, 2016	0.10	670,000	-	(170,000)	(70,000)	(125,000)	305,000
April 28, 2018	0.10	-	601,000	(52,500)	-	-	548,500
		1,178,329	601,000	(355,000)	(70,000)	(252,500)	1,101,829
Weighted average exercise price							\$0.10

Details regarding the options outstanding as at June 30, 2016 are as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Number of Options Exercisable
\$ 0.10	248,329	0.37	\$ 0.31	248,329
\$ 0.10	305,000	0.37	\$ 0.31	305,000
\$ 0.10	548,500	1.83	\$ 0.07	548,500
\$ 0.10	1,101,829	1.10	\$ 0.19	1,101,829

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock options granted is recognized in income on a graded vesting basis. Option pricing models require the input of highly subjective input assumptions, which can materially affect the fair value estimate and therefore the existing models do not necessarily provide reliable a single measure of the fair value of the Company's stock options.

d) Share purchase warrants

On October 16, 2015 the Company issued 3,500,000 share purchase warrants as part of a private placement as described in Note 7(b). The holder has the right to exchange one warrant for one common share of the Company. The warrants have an exercise price of \$0.20 and expire on October 16, 2016.

On July 25, 2014, the Company issued 1,363,042 bonus warrants, valued at \$10,311 to Merfin Management as interest, pursuant to the loan agreements between Merfin Management and the Company as described in Note 6. The warrants are exercisable at \$0.10 per warrant and expire in 5 years, on July 25, 2019. The nature of these warrants was for bonus interest expense. As a result, the value of \$10,311 was recorded as interest expense in 2014.

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)*

The weighted average fair value of these 1,363,042 bonus warrants was \$0.0076 per warrant. The fair value of these options was determined on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions: Risk free interest rate of 1.51%; the expected life of 5 years; expected volatility of 150%; forfeiture rate of 0% and expected dividends of \$Nil.

During the year ended December 31, 2014, the Company further amended the expiry date for 12,000,000 outstanding warrants for one year, to May 1, 2017. Subsequent to this amendment, the exercise price is still significantly higher than the market price. As a result, no adjustment has been made on the modification of warrants in 2014.

The following tables summarize the continuity of the Company's share purchase warrants:

Expiry Date	Exercise Price	December 31 2015	Granted	Exercised	Expired/ Cancelled	June 30 2016
May 1, 2017	\$0.10	11,450,000	-	-	-	11,450,000
July 25, 2019	\$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2016	\$0.20	3,500,000	-	-	-	3,500,000
		16,313,042	-	-	-	16,313,042
Weighted average exercise price						\$0.12
Weighted average contractual remaining						1.15

Expiry Date	Exercise Price	December 31 2014	Granted	Exercised	Expired/ Cancelled	Dec 31 2015
June 7, 2015	\$0.10	1,133,333	-	-	(1,133,333)	-
May 1, 2017	\$0.10	12,000,000	-	(550,000)	-	11,450,000
July 25, 2019	\$0.10	1,363,042	-	-	-	1,363,042
Oct 16, 2016	\$0.20	-	3,500,000	-	-	3,500,000
		14,496,375	3,500,000	(550,000)	(1,133,333)	16,313,042
Weighted average exercise price						\$0.12
Weighted average contractual remaining life (years)						1.40

8. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash and equivalents, marketable securities, amounts receivable from related parties, accounts payable and due to related parties. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents with high-credit quality financial institutions. Amounts due to and from related parties are discussed in Note 6.

Currency risk

The Company operates primarily in Canadian dollars and as such is not affected by the fluctuations of the Canadian dollar with other currencies.

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)**Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipated it will need additional capital in the future to finance ongoing exploration of its properties, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no source of operating income and has no assurance that additional funding will be available to it for future exploration and development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions and exploration success. In recent years, the securities markets in Canada have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Interest rate risk

The Company normally invests in short-term interest bearing financial instruments. There is a minimal risk that the Company would recognize any loss as a result of a decrease in the fair value of any guaranteed bank investment certificate included in cash and equivalents as they are currently held in large financial institutions.

Fair value measurements of financial assets and liabilities

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

- Level 1 – quoted prices in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The fair values of cash and cash equivalents are determined based on “Level 1” inputs, which consist of quoted prices in active markets for identical assets. The Company believes that the recorded values of due to and from related parties and accounts payable, approximate their current fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company’s balance sheet as of June 30, 2016 as follows:

	Fair Value Measurements Using			June 30, 2016 (Unaudited)
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 190,424	–	–	\$ 190,424

9. CAPITAL MANAGEMENT

The Company’s capital structure consists of shareholders’ equity and related party loans. The Company’s objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly-liquid, high-grade financial instruments. There were no changes to the Company’s approach to capital management during the six

Nass Valley Gateway Ltd.**Notes to the condensed interim consolidated statements of financial position****For the six months ended June 30, 2016 and 2015***(Expressed in Canadian Dollars)**(Unaudited)*

months ended June 30, 2016. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its business plan and ultimately the development of its business, and will need to raise adequate capital by obtaining equity financing through private placement or debt financing. The Company may raise additional debt or equity financing in the near future to meet its current obligations.

10. SUBSEQUENT EVENTS

Subsequent to June 30, 2016, the Company reported in a news release dated July 5, 2016 that it is no longer pursuing the previously announced acquisition of S. R. Haddon Industries Ltd. ("Haddon"). As reported in the Company's news releases dated May 26 and July 7, 2015, the Company and Haddon had executed a Letter of Intent which subsequently became part of a Definitive Agreement executed in June 2015 ("Haddon-Agr"). Subsequent to the Canadian Securities Exchange's ("CSE") decision not to approve the original proposed transaction articulated within the Haddon-Agr, which was based on the value of Haddon in accordance with Haddon's financial statements, Haddon started financing the development of its proposed project and obtained an independent revaluation of Haddon and its project for resubmission to the Stock Exchange for the approval of the transaction.

In spite of several verbal reassurances by Haddon's CEO to the Company that the further development and patent application by Haddon's project would not change any of the terms of the Haddon-Agr, the Company received on April 25, 2016 notice from Haddon's legal advisor that Haddon would no longer accept the terms of the executed Haddon-Agr. Haddon also appointed an advisor (the "Senior-Advisor") to renegotiate the agreed upon terms of the Haddon-Agr. The Senior-Advisor reconfirmed in May 2016, via several written statements, that the terms of the Haddon-Agr would not be accepted by Haddon unless they were substantially changed. The Company also received proposals from Haddon's Senior-Advisor that it deemed to be unacceptable and firmly believes that the proposed terms were not in the best interest of the Company and its shareholders.

On July 4, 2016, Nass Valley's attorney advised the Company and Haddon's Canadian attorney that the Haddon-Agr had not become effective as it did not meet the CSE's requirements for listing approval.

As a result of Haddon's reluctance to complete the acquisition under the agreed terms of the Haddon-Agr, Nass Valley will review other qualifying projects for adding value to the Company.

On August 6, 2016 the Company cancelled 45,000 options that had been granted to Directors and Officers of those subsidiaries that were disposed of.

Schedule C

Management Discussion and Analysis

This Management Discussion and Analysis ("MD&A") is intended to help the reader understand the financial statements of Nass Valley Gateway Ltd. ("NVG" or the "Company"). The information herein should be read in conjunction with the audited consolidated financial statements for the six months ended June 30, 2016 and 2015. The condensed interim consolidated financial statements for the six months ended June 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The following discussion may contain management estimates of anticipated future trends, activities or results. These are not a guarantee of future performance, since actual results could change based on factors and variables beyond management control. All monetary amounts are in Canadian dollars unless otherwise stated.

This MD&A is the responsibility of management. The Board of Directors carries out its responsibility for the review of this disclosure directly and through its audit committee comprised exclusively of independent directors. The audit committee reviews and approves this disclosure prior to its publication, pursuant to the authority delegated to it by the Board of Directors.

The reader is encouraged to review the Company's statutory filings on www.sedar.com ("Sedar") and to review general information.

Current Market Conditions

With the exception of a few special market segments like the cannabis market uptrend and certain internet technology sectors, the current global financial conditions are still not very favorable for junior companies and are still having a negative impact on raising the necessary capital in order to compete and keep the Company in good standing. Access to public financing for small-cap companies has significantly diminished, especially for companies with projects in the development stage. If the current conditions continue, the companies' ability to operate will be adversely impacted and the trading price of their shares could continue to be under a downward pressure.

Description of Business and Overall Performance

The Company was incorporated on October 25, 2005 under the British Columbia Business Corporation Act. The Company became a reporting issuer on February 26, 2007 and the common shares of the Company were listed on the Canadian Securities Exchange ("CSE") on March 9, 2007 under the trading symbol 'NVGL', which was changed in September 2008 to "NVG" as a consequence of the new trading symbol system adopted by the CSE. As of October 5, 2007, the Company's common shares are co-listed on the "Open Market" of the Frankfurt (Germany) Stock Exchange and are trading under the symbol "3NVN". The Company's common shares are also traded on the Third Market Segment called Freiverkehr on the Berlin-Bremen Stock Exchange.

Between 2010 and 2012, the Company acquired the rights to two green-technology systems, an emission-free energy-converting and waste disposal system and a wood drying technology, for its subsidiaries Global Environomic Systems Corp. ("GSC") and M-Wave EnviroTech Inc. ("MWE"), respectively and also started negotiations for the exploration and development of geo-thermal energy via its subsidiary Nass Energy Inc.

In order to keep its focus and financing efforts for green energy technologies separate from its mining and exploration activities and concentrate solely on the commercialization of the technologies, Nass Valley transferred the rights of its option to the Kirkland Lake exploration properties into its subsidiary, Kirkland Precious Metals Corp. ("KPM") (subsequently renamed as The Eelleet Network Corp. ("TEN")) and completed a Spin-Off of KPM into a separate reporting exploration company via a Plan of Arrangement.

As the company's efforts to finance a production plant based on its GSC technology system was not successful and its pilot plant based on the MWE technology was completely destroyed by a disastrous fire in 2013, as reported in the Company's monthly report dated Oct. 4, 2013, management investigated projects within the bio-tech industry.

On October 16, 2014 Nass Valley announced that it had entered into a letter agreement granting the Company the exclusive right to acquire a corporation actively involved in the medicinal cannabis industry. The letter agreement, which was subject to a "Due Diligence Period", was extended past the original date

of December 04, 2014 to allow the financiers additional time to raise the agreed upon financing but was subsequently terminated on Feb 10, 2015.

On May 27, 2015 the Company announced in a news release that it had entered into a letter agreement ("LOI") granting the Company the exclusive right to acquire S.R. Haddon Industries Ltd ("SRH" or "Target-A"), a company actively engaged in research and development of transdermal delivery systems through a contracted third party ("Research-Co") to develop patches suitable for the delivery of tetrahydrocannabinol ("THC") and cannabidiol ("CBD").

On July 07, 2015 Nass Valley announced that it had executed the Definitive Agreement, dated June 15, 2015, with SRH ("SRH-Agr") based on the terms of the LOI.

As Nass Valley's acquisition of SRH under the terms of the SRH-Agr was considered a "Fundamental Change" under the rules of the CSE, the trading of the Company's stock was halted on August 18, 2015 until the approval or discontinuance of the transaction.

Highlights and Subsequent Events

The following are highlights of events occurring subsequently to the "Trading Halt" of the Company's stock.

On September 15, 2015, the Company announced that it had closed a private placement consisting of 3,500,000 units at a subscription price of \$0.10 per unit for working capital and, subsequent to the transaction approval by the CSE (the "Effective-Date"), also for its first phase payments as part of its announced acquisition of SRH. On September 23, 2015 the Company filed a Form 2A - Listing Statement with the CSE in regard to the acquisition of SRH that was considered to be a RTO and a "Fundamental Change" of Nass Valley's business direction. The Company and SRH responded several times to specific questions from the CSE. In reacting to the CSE's concern about the knowledge base of SRH's management and board of directors, SRH engaged Prof. Dr. Friedman of the Albert Einstein College of Medicine and Dr. Ehrlich, CEO of Research-Co, respectively as Chief Scientific Consultant and Director of SRH. As consequence of the approval delay, SRH informed the Company that it would proceed to finance the development and patent application for its transdermal delivery systems via its Research-Co and SRH's CEO assured Nass Valley that the ongoing development and patent application financed by SRH at that time for its project would not change any of the acquisition terms of the SRH-Agr.

As a consequence of the terms under the executed SRH-Agr and with the consent of the Board of Directors, the Company disposed of its three dormant subsidiaries by deregistering "M-Wave EnviroTech Inc" in 2015 and transferring "Global Environomic Systems Corp." and "Nass Energy Inc." respectively to an affiliated company and its executive management in trust to be transferred into an affiliated company at no cost.

On March 17, 2016 an updated Listing Statement was submitted to the CSE through SRH's Canadian attorney.

Subsequently to the submission of the updated Listing Statement, the CSE, as part of its approval process, requested documentation on the availability of working capital for the following twelve months. In response to the request, the CEO of SRH and the President of Merfin Management Limited ("Merfin"), a substantial shareholder of the Company, (jointly referred to as the "Committing Parties") committed to each exercise 1,500,000 outstanding warrants at \$0.10 per warrant upon resumption of trading. The CSE accepted the financing proposal submitted by the Committing Parties under the condition that the Warrants would be exercised before the requested "Trading Halt" of the Company's stock would be lifted. In order to comply with the CSE's imposed condition, the Committing Parties agreed to invoke a small amendment to the SRH-Agr (the "Amendment-1") in respect to the Company's outstanding share purchase warrants (the "Warrants") which, under the SRH-Agr, were to be transferred from Merfin to the CEO of SRH subsequent to the Effective-Date.

As a consequence of the proposed Amendment-1 agreed upon by the Committing Parties, the Company, as at April 26, 2016, had received \$31,222.50, the equivalent of USD 25,000, from SRH's USA legal

advisor to be applied to the exercise of 312,225 warrants for use of the Company's post-approval working capital and earmarked as further payment due under SRH's development contract with Research-Co. Nass Valley forwarded this payment via electronic transfer on behalf of SRH into the account of SRH's contracted development company as advised by SRH's CEO and its USA legal advisor. However, the Amendment-1 was never executed by the Committed Parties and, as such, never came into effect. Accordingly, the exercise of previously mentioned 312,225 warrants by the "SRH" group was cancelled and the received funds of USD 25,000 were returned to the SRH Group via a payment to Nano Biomed, Inc on behalf of the SRH Group.

On April 25, 2016, the Company received notice from SRH's legal advisor that SRH would no longer accept the terms of the executed SRH -Agr. SRH also appointed an advisor (the "Senior-Advisor") to renegotiate the agreed upon terms of the SRH -Agr. The Senior-Advisor reconfirmed in May 2016, via several written statements, that the terms of the SRH-Agr would not be accepted by SRH unless they were substantially changed. The Company also received proposals from SRH's Senior-Advisor that it deemed to be unacceptable, as the terms proposed by SRH were diametrically opposed to the executed SRH-Agr and not in the best interest of the Company's shareholders.

On July 5, 2016 the Company announced in a news release that the acquisition of SRH did not receive regulatory approval and therefore the SRH-Agr had not become effective and Nass Valley will no longer pursue an acquisition of SRH.

Financing

During the six months ended June 30, 2016 no new equity financing was obtained and no loans to or from related parties incurred.

During the year ended December 31, 2015 the Company received \$55,000 and \$35,500 through the exercise of share purchase warrants and stock options respectively.

Subsequent to the submission of the amended Listing Statement in March 2016, the CSE, as part of the approval process, requested documentation on the availability of working capital for the following twelve months. In response to the request, the CEO of SRH and the President of Merfin, a substantial shareholder of the Company (jointly referred to as the "Committing Parties"), committed to each exercise 1,500,000 warrants at \$0.10 per warrant upon the resumption of trading. The CSE accepted this commitment of the Committing Parties under the condition that the warrants would be exercised before the requested trading halt of the Company's stock would be lifted. In order to comply with the CSE's imposed condition, the Committing Parties agreed to invoke a small amendment to the SRH-Agr (the "Amendment-1") in respect to the Company's outstanding share purchase warrants (the "Warrants") which, under the SRH-Agr, were to be transferred from Merfin to SRH's CEO subsequent to the Effective-Date.

As a consequence of the proposed Amendment-1, which was agreed upon by the Committing Parties, the Company, as at April 26, 2016, had received \$31,222.50, the equivalent of USD 25,000, from SRH's USA legal advisor to be applied to the exercise of 312,225 warrants for use of the Company's post-approval working capital and earmarked as further payment due under SRH's development contract with Research-Co. Nass Valley forwarded this payment in full, via electronic transfer on behalf of SRH, into the account of SRH's Research-Co at the request of SRH's CEO and its USA legal advisor. However, the Amendment-1 was never executed by the Committed Parties and, as such, never came into effect.

In accordance with the opinion of the Company's attorney that the SRH-Agr had never become effective, since the transaction did not meet the CSE's requirements for listing approval, the exercise of the previously mentioned 312,225 warrants by the "SRH" group was cancelled and the received funds of USD 25,000 were returned to the SRH Group via a payment to SRH's Research-Co as a continuing payment on behalf of the SRH.

On September 15, 2015 the Company announced in a news release that it has closed the private non-brokered placement and received subscriptions for 3,500,000 common shares for \$350,000. As at October 16, 2015, all funds have been received and a treasury order issued.

NASS VALLEY GATEWAY LTD.**Form 51-102F1****Management's Discussion and Analysis of Financial Results****For the six months ended June 30, 2016****Containing information up to and including August 24, 2016**

During the year ended December 31, 2015, the Company borrowed \$25,000 from a related party and repaid the loan in full on August 05, 2015. As at December 31, 2015, the balance of the outstanding loan was \$Nil. Due to the high interest in the Company's "SRH" project, as described below, certain options and warrants were exercised enabling the Company to repay its outstanding debt in full.

Results of Operations**The six months ended June 30, 2016 compared to six months ended June 30, 2015**

Net loss and comprehensive loss for the six months ended June 30, 2016 amounted to \$37,578 (loss per share - \$0.00) compared to \$52,196 (loss per share - \$0.00) in the previous year. As the Company is inactive, no revenue was generated. The decrease in loss of \$14,578 was mainly due to:

- (i) a decrease of \$4,296 in interest expenses from \$4,436 in 2015 to \$140 in 2016 due to the Company paying off its debt to Merfin;
- (ii) a decrease of \$2,288 in cost in investor relations from \$2,608 in 2015 to \$321 in 2016 due to the trading halt;
- (iii) a decrease in share based payments of \$19,540 from \$22,011 in 2015 to \$2,471 in 2016 due to existing options having vested;
- (iv) an increase of \$11,252 in wages and salaries from \$11,253 in 2015 to \$22,505 in 2016;
- (v) an increase of \$7,500 in recovery of administration services from \$7,500 in 2015 to \$15,000 in 2016 due to the increase in wages and salaries.

Selected annual information

	Years Ended December 31		
	2015	2014	2013
	\$	\$	\$
Total revenues	-	-	-
General and administrative	289,013	120,246	198,495
Loss for the year	(263,496)	(139,171)	(198,495)
Loss per share – basic	(0.01)	(0.01)	(0.01)
Loss per share – diluted	(0.01)	(0.01)	(0.01)
Total assets	268,893	23,827	18,941
Total long –term liabilities	-	-	-
Shareholders' deficiency	261,018	(120,814)	(231,297)
Cash dividends declared - per share	-	-	-

NASS VALLEY GATEWAY LTD.**Form 51-102F1****Management's Discussion and Analysis of Financial Results****For the six months ended June 30, 2016****Containing information up to and including August 24, 2016****Selected quarterly information**

	2016		2015				2014	
Three months ended	June 30 2016	Mar 31 2016	Dec 31 2015	Sep 30 2015	June 30 2015	Mar 31 2015	Dec 31 2014	Sep 30 2014
Total assets	230,477	256,374	268,893	267,007	25,175	27,068	\$23,827	\$40,078
Working capital (deficiency)	223,011	247,574	258,018	261,311	(153,999)	(136,329)	(123,814)	(305,397)
Shareholders' deficiency	226,011	250,574	261,018	264,311	(150,999)	(133,329)	(120,814)	(302,397)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(25,159)	(12,418)	(191,527)	(19,773)	(39,681)	(12,515)	(52,226)	(20,696)
Earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Second quarter results

During the quarter ended June 30, 2016 the Company incurred a loss of \$25,159 compared to a loss of \$39,681 for the comparative period.

Significant movements for the three month period ended in June 30, 2016 were an increase of \$7,500 in recovery of administration services compared to \$Nil in 2015 to \$7,500 in 2016, an increase of \$6,500 in professional fees from \$8,500 in 2015 to \$15,000 in 2016 and a decrease of \$21,414 in share based compensation from \$ 22,011 in 2015 to \$597 in 2016.

Liquidity

The Company's working capital and deficit positions at June 30, 2016 and June 30, 2015 were as follows:

	June 30 2016	December 31 2015
Working capital (deficiency)	\$ 223,011	\$ 258,018
Deficit	\$ 3,527,366	\$ 3,489,888

The cash positions at June 30, 2016 and 2015 were \$190,424 and \$7,158 respectively.

The Company's financial condition is contingent upon being able to find a qualifying project for adding value to the Company.

While the Company will seek to maximize recoveries and reduce operating costs, estimates and assumptions influencing these parameters at the research and development stage may prove incorrect. Incorrect assumptions may result in material differences between estimated and actual results. The Company has no way to predict the future price and the ability to sell the developed products. As a result, revenue derived from future operations, if any, will be impacted.

The Company has historically relied upon equity financings and loans from related parties to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing operations and development, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has no

NASS VALLEY GATEWAY LTD.**Form 51-102F1****Management's Discussion and Analysis of Financial Results****For the six months ended June 30, 2016****Containing information up to and including August 24, 2016**

source of operating income and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions.

In recent months, the securities markets in the world and in Canada have experienced high volatility in price and volume and companies, particularly in junior technology industry, have experienced unprecedented decline in their share prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in the Company's share prices will not occur or that these fluctuations will not affect the ability of the Company to raise equity funding, and if at all, without causing a significant dilution to its existing shareholders. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Capital Resources

At June 30, 2016 the Company had a share capital of \$3,216,971 (June 30, 2015: \$2,769,580), representing 31,751,977 (June 30, 2015: 27,346,977) common shares without par value, and an accumulated deficit of \$3,527,366 (June 30, 2015: \$3,278,588). The shareholder's equity amounted to \$226,012 (June 30, 2015: deficiency of \$150,999).

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations, Comprehensive Loss and Deficit included in its condensed interim consolidated financial statements for the six months ended June 30, 2016 and 2015 which are available on SEDAR at www.Sedar.com.

Related Party Transactions

During the six months ended June 30, 2016 the Company entered into the following transactions with related parties.

Key Management personnel compensation

No remuneration was paid during the six months ended June 30, 2016 and 2015 to any key management personnel except the salary to the Corporate Secretary whose salary is shared in equal parts with Mineral Hill Industries Ltd. and The Elleet Network Corp., companies with common directors and officers.

Other related party transactions

In accordance to the executed SRH-Agr, the Company transferred its dormant subsidiary Global Environomic Systems Corp. at no cost to Mineral Hill Industries Ltd., a public company affiliated by common directors and transferred its dormant subsidiary "Nass Energy Inc." in trust with two executive directors to be transferred at their best effort, and at no cost to an affiliated company, at a later date or deregister that subsidiary if necessary.

The amounts due from (to) related parties were as follows:

	June 30 2016	December 31 2015
Transactions	\$	\$
Management and office administration fees:		
A company controlled by the CEO	-	11,139
Salary:		
Corporate Secretary	7,500	26,998

NASS VALLEY GATEWAY LTD.**Form 51-102F1****Management's Discussion and Analysis of Financial Results****For the six months ended June 30, 2016****Containing information up to and including August 24, 2016**

The amounts due (to) related parties were as follows and relate mainly to the reimbursement of equal shares in the salary of the Corporate Secretary.

	June 30 2016	December 31 2015
Balances	\$	\$
Due from related parties:		
The Eelleet Network Corp.	21,694	13,123
Mineral Hill Industries Ltd.	15,096	7,219
	36,790	20,342
Due to related parties:		
Merfin Management Limited ("Merfin") (see below)	-	-
Mineral Hill Industries Ltd.	-	-
	-	-
Amounts outstanding to related parties included in accounts payable		
Mineral Hill Industries Ltd.	-	1,743
	-	1,743

These transactions are in the normal course of operations and, in management's opinion, are undertaken with the same terms and conditions as transactions with unrelated parties. Accordingly, these transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

Advances from related party

As at December 31, 2014, the Company had a loan payable in the amount of \$88,455 to Merfin, a private company with a common director. The loan was unsecured, bore interest at 8.50% per annum and was due on demand. On December 29, 2014, the Company settled \$195,000 by issuing 2,437,500 common shares, at a fair value of \$0.08 per share (see also Note 6). The loan was fully repaid during the year ended December 31, 2015. The Company recorded interest expense in the amount of \$4,937 (2014 - \$19,306) for the year ended December 31, 2015. As at June 30, 2016 there were no further loans from Merfin.

These transactions are measured at exchange amounts, which are the amounts of consideration negotiated, established and agreed to by the related parties.

Off Balance Sheet Arrangements

The Company doesn't have any off balance sheet arrangements.

Directors and Officers

Dieter Peter	President, Chief Executive Officer and Director (Mineral Hill Industries Ltd)
Andrew von Kursell	Interim Chief Financial Officer and Director (Mineral Hill Industries Ltd)
Eric Peter-Kaiser	Director (appointed Apr 24, 2015)
Milo Filgas	Director (elected at the AGM on October 16, 2015)
Mike Kelm	Corporate Secretary

Outstanding Share Data as at August 24, 2016

	Number outstanding	Exercise Price	Expiry Date
Common shares	31,751,977 ⁽¹⁾		
Common shares issuable on exercise:			
Stock options	248,329	\$0.10	November 12, 2016
Stock options	290,000 ⁽²⁾	\$0.10	November 12, 2016
Stock options	518,500 ⁽²⁾	\$0.10	Apr 28, 2018
Warrants	11,450,000 ⁽¹⁾	\$0.10	May 1, 2017
Warrants	1,363,042	\$0.10	Jul 19, 2019
Warrants	3,500,00	\$0.20	October 16, 2016

(1) In the MD&A dated April 26, 2016 the exercise of 312,225 warrants to the SRH group was included in the outstanding share data. Since the agreement has not become effective the exercise of the warrants was cancelled and the share data reflects that reversal.

(2) August 6, 2016, 15,000 and 30,000 options, respectively were cancelled. These options had been granted to directors/officers of a subsidiary that was disposed of as a result of inactivity.

On November 06, 2015 the Board of Directors passed a resolution to extend all stock options currently issued and in good standing by the number of calendar days equal to the trading halt since August 18, 2015. As a result of this modification, a share-based compensation in the amount of \$169,478 was recorded in 2015.

Future Developments

The Company and its management are determined to focus on reviewing other available, qualifying and financeable projects to acquire and add value to the Company and its shareholders.

Risks and Uncertainties

The Company would prefer be engaged in advanced research and development of bio-tech products. The Company's financial success will be dependent upon the successful acquisition, subsequent financing and possibly necessary commercialization of such projects and its end-products. These activities involve significant risks which may not be eliminated even with past experience and knowledge.

The following are some of the key risks and uncertainties identified; however, there may be other risks and uncertainties that have not been listed:

- Cost related to disclosure requirement is a financial burden for a company without any revenue;
- An increasing competition to any new project the company may and is in the process of acquiring;
- No assurance about the economic viability of the project the Company is acquiring;
- Additional costs may be incurred, such as availability of experts related to the acquisition, development and marketing, especially of potentially new generation of products.
- Additional expenditures will be required to establish permits and patents;
- There can be no assurance that a developed business plan will succeed in whole or in part;
- There are various government and environmental regulations that must be followed by the Company, which are changing constantly for most production projects, and the renewal of permits from provincial, territory, First Nations may have to be required.

Critical Accounting Estimates

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as expenses.

(i) Stock Based Compensation

The Company uses Black-Scholes option pricing model to determine the fair value of awards for

stock options granted to employees, officer, directors and consultants. These estimates are based on historical information and accordingly cannot be relied upon to predict the future behavior. These estimates are set out in Note 7(c) to the financial statements

(ii) Financial Instruments

The carrying values of the financial instruments have been estimated to approximate their respective fair values.

(iii) Income Taxes

The provision of income taxes is based on judgements in applying income tax law and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities

(iv) Going concern

Management makes an assessment about the Company's ability to continue as a going concern by taking into the account the consideration of the various factors. Judgement is applied by management in determining whether or not the elements giving rise to factors that cause doubt about the ability of the Company to continue as a going concern are present.

Financial Instruments

The Company's financial instruments consist of cash, loans mostly from related parties, amounts receivable from related parties, amounts payable, amounts payable to related parties and loans payable to related party. Unless otherwise noted, it is management's opinion that the Company is presently not exposed to significant interest, currency or credit risks arising from these financial instruments.

Credit risk

The Company is not exposed to significant credit risk, being in the development stage. Amounts receivable from related parties and amounts due to related parties are described in Note 6 to the financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities. The Company has historically relied upon equity financings to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company anticipates it will need additional capital in the future to finance ongoing development of its technology, such capital to be derived from the exercise of outstanding stock options, warrants and/or the completion of other equity financings. The Company has limited financial resources, has presently no source of operating income and has no assurance that additional funding will be available to it for future development of its projects, although the Company has been successful in the past in financing its activities through the sale of equity securities. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing capital market conditions its exploration results. In recent years, the securities markets in Canada have experienced wide fluctuations in prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

Changes in Accounting Policies

The Company adopted the following accounting policies effective January 1, 2015:

IFRIC 21 Levies - In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy.

IAS 32 – Financial Instruments: Presentation - In December 2011, the IASB issued an amendment to clarify the meaning of the offsetting criterion and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. Earlier application is permitted when applied with corresponding amendment to IFRS 7.

IAS 36 Impairment of Assets - In May 2013, the IASB issued amendments to IAS 36 which restricts the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal.

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB that are mandatory for future accounting periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

New accounting standards effective for annual periods on or after January 1, 2017:

IAS 1 – Presentation of Financial Statements

In December 2014, the IASB issued an amendment to address perceived impediments to preparers exercising their judgment in presenting their financial reports. The changes clarify that materiality considerations apply to all parts of the financial statements and the aggregation and disaggregation of line items within the financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets

In May 2014, the IASB issued amendments to IAS 16 and IAS 38. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The following standard will be effective for annual periods beginning on or after January 1, 2018:

IFRS 9 Financial Instruments - In November 2009, as part of the IASB project to replace IAS 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

The extent of the impact of adoption of these standards and interpretations on the consolidated financial statements of the Company has not been determined.

Forward-Looking Statements

The statements made in this MD&A that are not historical facts contain forward-looking information that involves risk and uncertainties. All statements, other than statements of historical facts, which address the Company's expectations, should be considered forward-looking statements. Certain forward looking information should also be considered future-oriented financial information ("FOFI") as that term is defined in NI 51-102. The purpose of disclosing FOFI is to provide a general overview of management's expectations regarding the anticipated results of operations and capital expenditures. Such statements are based on management's exercise of business judgment as well as assumptions made by and information currently available to management. When used in this document, the words "may", "will", "anticipate", "believe", "estimate", "expect", "intend" and words of similar import, are intended to identify any forward-looking statements. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company and its subsidiaries may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors.

NASS VALLEY GATEWAY LTD.

Form 51-102F1

Management's Discussion and Analysis of Financial Results

For the six months ended June 30, 2016

Containing information up to and including August 24, 2016

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and the Company does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. You should not place undue reliance on these forward-looking statements. These statements reflect our current view of future events and are subject to certain risks and uncertainties as contained in the Company's filings with Canadian securities regulatory authorities. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, our actual results could differ materially from those anticipated in these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of any unanticipated events. Although we believe that our expectations are based on reasonable assumptions, we can give no assurance that our expectations will materialize. The forward-looking statements made in this MD&A describe our expectations as at August 24, 2016.

"Dieter Peter"

On behalf of the Board

Dieter Peter

Chief Executive Officer

August 24, 2016