

FORM 5

QUARTERLY LISTING STATEMENT

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

Trading Symbol: NVGL

SCHEDULE A: FINANCIAL STATEMENTS

The Interim financial statements for the second quarter ended June 30, 2008 are attached hereto as Schedule A.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related Party Transactions

During the six months ended June 30, 2008, the Company entered into the following transactions with related parties, as compared to the corresponding period in the previous year

- (i) the Company incurred from Mineral Hill Industries Ltd., a company controlled by common directors, Accounting and legal fees amounting to \$3,336 (2007: \$3,000); Consulting and administrative expenses amounting to \$ 21,126 (2007: \$19,633); Investor relations expenses amounting to \$5,250 (2007: \$ Nil) and Office, rent and telephone amounting to \$7,635 (2007: \$5,155);
- (ii) the Company incurred Consulting and administrative fees, from Copper Belt Resources Ltd., a company controlled by common directors, amounting to \$349 (2007: \$Nil);
- (iii) the Company incurred IT service fees from Krypt-LogX Network Ltd., a company controlled by common directors, amounting to \$12,960 (2007: \$ Nil).
- (iv) the Company incurred interest \$ Nil (2007: \$4,973) on loans granted by companies with common directors.

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

At June 30, 2008, \$ 15,349 was due from companies related by common directors, as compared to \$43,169 at December 31, 2007. Amount receivable from Gixtat'in Mhind Link Inc was \$15,000 (2007: \$40,000), from Copper Belt Resources Ltd. was \$349 (2007: \$ Nil) and from Mineral Hill Industries Ltd. was \$Nil (2007: \$3,169).

At June 30, 2008, \$25,896 was due to companies related by common directors as compared to \$11,699 at December 31, 2007. Amount payable to Gixtat'in Mhind Link Inc was \$994 (2007: \$Nil), to Krypt-LogX Network Ltd. was \$2,268 (2007: \$Nil) and to Mineral Hill Industries Ltd. was \$22,634 (2007: \$11,699).

All amounts outstanding are unsecured, non-interest bearing and are due on demand.

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

(a) summary of securities issued during the period,

| Date of Issue | Type of Security (common shares, convertible debentures, etc.) | Type of Issue (private placement, public offering, exercise of warrants, etc.) | Number | Price | Total Proceeds | Type of Consideration (cash, property, etc.) | Describe relationship of Person with Issuer (indicate if Related Person) | Commission Paid |
|--|--|--|--------|-------|----------------|--|--|-----------------|
| No Securities were issued during the period. | | | | | | | | |

(b) summary of options granted during the period,

| Date | Number | Name of Optionee if Related Person and relationship | Generic description of other Optionees | Exercise Price Per Share | Expiry Date | Market Price on date of Grant ⁽¹⁾ |
|---------------|----------------|---|---|--------------------------|---------------|--|
| June 25, 2008 | 21,000 | Melvin Stevens | Director | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 25,000 | Dieter Peter | Chairman & CEO | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 27,000 | Andrew von Kursell | Director | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 17,000 | Hugh Maddin | Director | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 17,000 | Patrick Stewart | Director | \$0.18 | June 25, 2011 | |
| June 25, 2008 | 17,000 | Edward Skoda | Director | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 9,000 | Nelson Clayton | Member, Advisory Committee and Environmental & Safety Committee | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 9,000 | Alvin Azak | Member, Advisory Committee and Environmental & Safety Committee | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 30,000 | Jayram Hosanee | Officer | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 7,000 | Matthew Moore | Member, Advisory Committee | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 1,000 | Sophia Cao | Employee | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 600 | Heather Neuls | Employee | \$0.18 | June 25, 2011 | \$0.15 |
| June 25, 2008 | 600 | Teresa McLarnin | Employee | \$0.18 | June 25, 2011 | \$0.15 |
| Total | 181,200 | | | | | |

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

| | Number of Common | Amount |
|--------------------------|------------------|-------------|
| | Shares | |
| Authorized Share Capital | Unlimited | |
| Balance, June 30, 2008 | 22,026,303 | \$1,576,658 |

The following is a summary of options, warrants and convertible securities outstanding as at the second quarter ended June 30, 2008.

| | No. of Shares under Option/Warrants | Exercise Price | Expiry Date |
|--------------|--|---------------------------|--------------------|
| Options | 766,600 | \$0.15 | January 31, 2012 |
| Options | 45,000 | \$0.31 | May 4, 2012 |
| Options | 171,100 | \$0.32 | August 15, 2010 |
| Options | 30,000 | \$0.32 | September 4, 2010 |
| Options | 181,200 | \$0.18 | June 25, 2011 |
| Total | 1,193,900 | | |

The following is a summary of the number of shares subject to escrow or pooling agreements or any other restriction on transfer.

| Name | No. of Escrowed Common Shares | No. of Escrowed Common Shares as at June 30, 2008 |
|-----------------------------------|--|--|
| Mineral Hill Industries Ltd. | 7,250,000 | 4,350,000 |
| Gitxat'in Development Corporation | 7,250,000 | 4,350,000 |
| Total | 14,500,000 | 8,700,000 |

Pursuant to an agreement (the "Escrow Agreement") dated as of August 11, 2006 among the Corporation, Pacific Corporate Trust Company (the "Escrow Agent") and the Principals of the Corporation, the Principals agreed to deposit in escrow their Common Shares (the "Escrowed Securities") with the Escrow Agent. The Escrow Agreement provides that the Escrowed Securities will be released from escrow in equal blocks at 6 month intervals over the 36 months following the date the Corporation's Common Shares are listed on the CNQ (that is 15% of each Principal's holdings being released in each block with an initial 10% block being released on the date the Corporation's Common Shares are listed on the CNQ).

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, Chairman & CEO and a Director

Melvin Stevens, President and Director

Andrew von Kursell, Director

Hugh Maddin, Director

Patrick Stewart, Director

Edward Skoda, Vice President, Exploration and Director

Jayram Hosanee, CFO

Josephine See, Vice President, Corporate Affairs, Treasurer & Corporate Secretary

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis for the quarter ended June 30, 2008 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 CNQ 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 CNQ Requirements (as defined in CNQ Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated August 15, 2008

Dieter Peter

Name of Director or Senior Officer

"Dieter Peter"

Signature

Chairman & CEO

Official Capacity

| | | |
|--|---|--|
| <i>Issuer Details</i> Name of Issuer Nass Valley Gateway Ltd. | For Quarter Ended June 30, 2008 | Date of Report YY/MM/DD 2008/08/14 |
| Issuer Address 575-1111 West Hastings Street | | |
| City/Province/Postal Code Vancouver, B.C. V6E 2J3 | Issuer Fax No. (604) 685-2360 | Issuer Telephone No. (604) 685-4170 |
| Contact Name Dieter Peter | Contact Position Chairman & CEO | Contact Telephone No. (604) 685-4170 |
| Contact Email Address dpeter@3xgmm.com | Web Site Address www.nass-valley.com | |

SCHEDULE A

NASS VALLEY GATEWAY LTD.

(An Exploration Stage Company)

FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2008

NASS VALLEY GATEWAY LTD.

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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.

(An Exploration Stage Company)

BALANCE SHEETS

(stated in Canadian dollars)

| | June 30 2008 | December 31 2007 <i>(Audited)</i> |
|--|-----------------|---|
| ASSETS | | |
| Current Assets | | |
| Cash and equivalents | \$ 40,947 | 166,360 |
| Amounts receivable | 2,085 | 4,977 |
| Amounts receivable from related parties (Note 6) | 15,349 | 43,169 |
| Prepaid expenses | 20,970 | 21,706 |
| | 79,351 | 236,212 |
| Reclamation bond | 3,000 | 3,000 |
| Property & equipment (Note 4) | 3,633 | 4,037 |
| Mineral property (Note 3) | 297,000 | 297,000 |
| Deferred exploration costs (Note 3) | 681,020 | 668,907 |
| | \$ 1,064,004 | 1,209,156 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 24,460 | 28,760 |
| Accounts payable to related parties (Note 6) | 25,896 | 11,699 |
| | 50,356 | 40,459 |
| Shareholders' equity | | |
| Share capital (Note 5) | 1,576,658 | 1,574,408 |
| Contributed surplus (Note 5) | 171,827 | 147,160 |
| Deficit | (734,837) | (552,871) |
| | 1,013,648 | 1,168,697 |
| | \$ 1,064,004 | 1,209,156 |

Nature of Operations and Continuance of Business (Note 1) Subsequent Events (Note 12)

Approved on Behalf of the Board:

/s/ "Dieter Peter"

Dieter Peter, Director

/s/ "Melvin Stevens"

Melvin Stevens, Director

NASS VALLEY GATEWAY LTD.

(An Exploration Stage Company)

STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS, AND DEFICIT

(stated in Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|-------------------|--------------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Expenses | | | | |
| Accounting and legal | \$ 19,862 | \$ 11,145 | \$ 33,129 | \$ 47,094 |
| Amortization | 202 | 323 | 404 | 609 |
| Consulting and administrative services | 18,926 | 15,688 | 36,295 | 15,688 |
| Generative exploration and project research costs | 3,515 | 16,429 | 18,637 | 36,544 |
| Insurance | 4,664 | - | 9,754 | - |
| Interest and bank charges | 141 | 5,287 | 202 | 5,536 |
| Investor relations | 2,419 | 2,059 | 8,792 | 7,059 |
| Office, rent and telephone | 5,766 | 19,646 | 10,039 | 24,147 |
| Stock based compensation | 11,380 | 19,190 | 24,666 | 59,628 |
| Transfer agent and filing fees | 7,262 | 18,112 | 8,526 | 20,774 |
| Travel and promotion | 9,645 | 12,818 | 18,644 | 17,269 |
| IT Services | 6,480 | - | 12,960 | - |
| Loss before other income (expense) | (90,262) | (120,697) | (182,048) | (234,348) |
| Other Income | | | | |
| Interest income | 38 | 338 | 82 | 2,673 |
| | 38 | 338 | 82 | 2,673 |
| Net loss and comprehensive loss for the period | (90,224) | (120,359) | (181,966) | (231,675) |
| Deficit, beginning of the period | (644,613) | (413,125) | (552,871) | (301,809) |
| Deficit, end of the period | \$ (734,837) | (533,484) | (734,837) | (533,484) |
| Net loss per shares, basic and diluted | (0.00) | (0.01) | (0.01) | (0.01) |
| Weighted Average Number of Shares Outstanding | 22,026,303 | 19,488,447 | 22,094,724 | 17,657,727 |

(The accompanying notes are an integral part of these Financial Statements)

NASS VALLEY GATEWAY LTD.

(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

(stated in Canadian dollars)

| | Three months ended June 30 | | Six months ended June 30 | |
|--|----------------------------|-----------|--------------------------|-----------|
| | 2008 | 2007 | 2008 | 2007 |
| Cash flows from operating activities | | | | |
| Net loss for the period | \$ (90,224) | (120,359) | (181,966) | (231,675) |
| <i>Items not affecting cash:</i> | | | | |
| Amortization | 202 | 323 | 404 | 609 |
| Stock based compensation | 11,380 | 19,190 | 24,666 | 59,628 |
| <i>Changes in non-cash working capital items:</i> | | | | |
| Decrease in amounts receivable | 767 | (17,210) | 2,892 | (34,569) |
| Decrease in amounts receivable from related parties | 24,940 | 14,600 | 27,820 | 14,600 |
| Decrease (increase) in prepaid expenses | (5,783) | 9,250 | 737 | 2,491 |
| Decrease in accounts payable and accrued liabilities | 12,214 | (293,044) | (4,300) | (60,213) |
| Increase in accounts payable to related parties | 17,954 | 2,399 | 14,197 | 3,928 |
| | (28,550) | (384,851) | (115,550) | (245,201) |
| Cash flows from financing activities | | | | |
| Proceeds from issuance of share capital | - | 1,091,780 | 2,250 | 1,313,780 |
| Proceeds from share subscriptions | - | (51,392) | - | (51,392) |
| Share issuance cost | - | 3,261 | - | 3,261 |
| | - | 1,043,649 | 2,250 | 1,265,649 |
| Cash flows from investing activities | | | | |
| Acquisition of mineral property | - | - | - | (297,000) |
| Payment of deferred exploration costs | - | (254,423) | (12,113) | (591,025) |
| | - | (254,423) | (12,113) | (888,025) |
| Increase in cash and equivalents | (28,550) | 404,375 | (125,413) | 132,423 |
| Cash and Equivalents, beginning of period | 69,497 | 69,618.00 | 166,360 | 341,570 |
| Cash and Equivalents, end of period | \$ 40,947 | 473,993 | 40,947 | 473,993 |

Supplementary disclosures: please see note 8

(The accompanying notes are an integral part of these Financial Statements)

NASS VALLEY GATEWAY LTD.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

1. NATURE AND CONTINUANCE OF OPERATIONS

Nass Valley Gateway Ltd. ("the Company") was incorporated on October 25, 2005 under British Columbia Business Corporations Act.

The Company is an exploration company engaged in the acquisition, exploration and development of rock quarry and mineral resource properties primarily in Canada. The Company is listed for trading on the CNQ stock exchange ("NVGL") and co-listed on the "open market" of the Frankfurt (Germany) Stock Exchange and trading under the Symbol "3NV". The Company is in the process of exploring its rock quarry and mineral resource properties and has not yet determined whether these properties contain reserves or resources that are economically recoverable. The recoverability of the carrying amounts of the properties are dependent upon the discovery of economically recoverable reserves, confirmation to the Company's interests in the properties, the ability to obtain the necessary financing to complete exploration and development of a viable quarry, and achieving future profitable production of rock and mineral products or selling its rock quarry or mineral resources properties for proceeds in excess of carrying amounts. Based on the above factors, there is substantial doubt about the Company's ability to continue as a going concern. These 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 financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. The Company has the following working capital and deficit positions at period ended:

| | June 30, 2008 | December 31, 2007 |
|-----------------|---------------|-------------------|
| Working Capital | \$ 28,995 | \$ 195,753 |
| Deficit | \$ 734,837 | \$ 552,871 |

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles. The accounting policies follow the same accounting policies and methods as the Company's audited financial statements for the year ended December 31, 2007. Accordingly, these financial statements should be read in conjunction with the Company's year-end audited financial statements. These interim financial statements include all adjustments that are, in the opinion of management, necessary for fair presentation.

The accounting policies followed by the Company are set out in Note 2 to the audited financial statements for the year ended December 31, 2007 and have been consistently followed in the preparation of these financial statements.

New Accounting Pronouncements

Effective January 1, 2008 the Company has adopted the following new Canadian accounting pronouncements. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

NASS VALLEY GATEWAY LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

2. SIGNIFICANT ACCOUNTING POLICIES

New Accounting Pronouncements (continued)

i. Assessing going concern - Section 1400

The Canadian Accounting Standards Board ("AcSB") amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

ii. Capital disclosures - Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences. (see note 11)

iii. Financial Instruments – Sections 3862 & 3863 – Disclosures & Presentation

These new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. (see note 10)

3. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS

a. Nass Bay Project

On March 10, 2006, the Company entered into Agreements with Gitxat'in Mhind World Link Ltd. (the "Optionor"), a company with common directors, whereby the Company acquired the right to purchase up to a 75% interest in certain mineral claims located in Nass Bay, BC. To earn the 75% interest, the Company, at its option, must make payments, issue common shares, and incur exploration expenditures on the project as follows:

| Cash Payments | Common Shares | Cumulative expenditures | Date |
|--------------------------|--------------------------|------------------------------------|---|
| \$ 75,000 | | - | Upon filing of a final prospectus by the Company |
| - | 600,000 | \$ 200,000 | Within one year of the Company filing a final prospectus |
| \$ 100,000 | 750,000 | \$ 300,000 | Within two years of the Company filing a final prospectus |
| \$ 125,000 | 900,000 | \$ 500,000 | Within three years of the Company filing a final prospectus |
| \$ 300,000 | 2,250,000 | \$ 500,000 | |

On February 26, 2007, the Company filed a final prospectus with the British Columbia Securities Commission. Acquisition costs of the mineral property as of June 30, 2008 are:

| | | |
|---|-----------|----------------|
| Balance, January 1, 2006 | \$ | - |
| Cash payment | | 75,000 |
| Issuance of common shares (600,000 common shares at \$0.37 per share) | | 222,000 |
| Balance, December 31, 2007 and June 30, 2008 | \$ | 297,000 |

NASS VALLEY GATEWAY LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

3. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS (continued)

b. Nass Bay Project (continued)

During the six months ended June 30, 2008, the company capitalized a further \$12,113 in exploration costs, bringing the cumulated costs from \$668,907 at December 31, 2007 to \$681,020 as detailed below.

During May 2008, the Company renewed the mineral tenure. The Company is in the process of raising finance through a private placement which will allow the program recommended by the consultant as mentioned in the National Instrument 43-101 of February 19, 2008, filed on SEDAR, to be completed. Cumulative exploration costs on the Nass Bay project as of June 30, 2008 are:

| | Expenditures incurred | | |
|---|------------------------------------|----------------------|--------------------------------|
| | Cumulative December 31, 2007 | During the period | Cumulative to June 30, 2008 |
| | \$ | \$ | \$ |
| Consulting | 77,456 | 16,136 | 93,592 |
| Contracted services | 37,325 | - | 37,325 |
| Geologist | 30,212 | 9,527 | 39,739 |
| Surveying | 9,730 | - | 9,730 |
| Aircraft charter | 116,317 | - | 116,317 |
| Travel and lodging | 65,948 | 364 | 66,312 |
| Exploration supplies | 49,370 | - | 49,370 |
| Reports, drafting and maps | 7,110 | 1,208 | 8,318 |
| Drilling | 429,245 | - | 429,245 |
| Lab tests and analysis | 7,354 | - | 7,354 |
| Others | 5,881 | - | 5,881 |
| Total Expenditures Incurred | 835,948 | 27,235 | 863,183 |
| Expensed as Generative Exploration costs | (167,041) | (15,122) | (182,163) |
| Capitalized as Deferred Exploration Costs | 668,907 | 12,113 | 681,020 |

4. PROPERTY AND EQUIPMENT

| | Furniture & Equipment | Leasehold Improvements | TOTAL |
|------------------------------------|--------------------------------------|-----------------------------------|--------------|
| | \$ | \$ | \$ |
| December 31, 2007 | | | |
| Cost | 3,830 | 2,260 | 6,090 |
| Accumulated depreciation | (1,149) | (904) | (2,053) |
| | 2,681 | 1,356 | 4,037 |
| Movements during the period | | | |
| Amortization | (268) | (136) | (404) |
| | (268) | (136) | (404) |
| June 30, 2008 | | | |
| Cost | 3,830 | 2,260 | 6,090 |
| Accumulated depreciation | (1,417) | (1,040) | (2,457) |
| | 2,413 | 1,220 | 3,633 |

NASS VALLEY GATEWAY LTD.
(An Exploration Stage Company)
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2008

5. SHARE CAPITAL

a) Common shares

Authorized: An unlimited number of common shares without par value.

| | Number of Common Shares | Amount |
|---|--|--------------------|
| Balance, January 1, 2007 | 14,500,000 | \$ 122,862 |
| Exercise of special warrants | 3,600,000 | 540,000 |
| Share issuance costs | - | (63,000) |
| Acquisition of mineral property- Nass Bay Project | 600,000 | 222,000 |
| Private placement: | | |
| - Flow through | 2,020,849 | 747,714 |
| - Non-flow through | 1,240,454 | 347,327 |
| Share issuance costs | - | (73,540) |
| Prospectus costs | - | (26,525) |
| Acquisition of mineral property- Kleanza Mountain Project | 50,000 | 12,000 |
| Future income tax recovery (Note 7) | - | (254,430) |
| Balance, December 31, 2007 | 22,011,303 | 1,574,408 |
| Exercise of warrants | 15,000 | 2,250 |
| Balance, June 30, 2008 | 22,026,303 | \$1,576,658 |

b) Exercise of special warrants

On January 31, 2007, the shareholders of the Company approved the subdivision (the "Subdivision") of the Company's issued common shares on the basis of three (new) shares for every one (old) share.

On February 26, 2007, a receipt was issued for the final prospectus qualifying the issuance of common shares of the Company on exercise or deemed exercise of 1,200,000 special warrants and the holder received 3,600,000 post-subdivision common shares of the Company for proceeds of \$477,000, net of share issuance costs of \$63,000.

On March 1, 2007, the Company issued 50,000 broker warrants, which will entitle the holder to purchase additional common shares at a price of \$0.15 per common share until March 1, 2008. The value of the broker warrants was established at \$2,524, based on applying the Black Scholes valuation model and the amounts has been recorded as contributed surplus and netted against the proceeds received as share issuance costs.

On March 1, 2008, the Company issued 15,000 common shares of the Company at \$0.15 per common share for gross proceeds of \$2,250 in relation to the broker warrants as described above. The remaining 35,000 broker warrants were not exercised, and have expired during the period.

NASS VALLEY GATEWAY LTD.

(An Exploration Stage Company)

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2008

5. SHARE CAPITAL (continued)

c) Private placement

In June 2007, the Company completed a private placement of 2,020,849 flow through units at \$0.37 per unit ("FT-Unit") and 1,240,454 non-flow through units at \$0.28 per unit ("NFT-Unit") for total gross proceeds of \$1,095,041. Each unit consists of one common share and one-half common share purchase warrant. Each whole NFT-Unit warrant is exercisable for one additional common share at \$0.40 per share, and each FT-Unit warrant is exercisable for one additional common share at \$0.50 per share for a period of one year from the date of closing.

Finder fees of \$51,392 were paid and 215,331 broker warrants were issued, which will entitle the holder to purchase additional common shares at a price of \$0.40 until June 6, 2008. The fair value of the broker warrants was established at \$22,148, based on applying the Black Scholes valuation model and the amount has been recorded as contributed surplus and netted against the proceeds received as share issuance costs. All securities were subject to a hold period until October 1, 2007.

The above warrants were not exercised and were been cancelled during the period.

d) Escrowed common shares

Pursuant to an agreement (the "Escrow Agreement") dated as of August 11, 2006, among the Company, Pacific Corporate Trust Company (the "Escrow Agent") and the Principals of the Company, the Principals agreed to deposit 14,500,000 common shares (the "Escrowed Securities") with the Escrow Agent. The Escrow Agreement provides that the Escrowed Securities will be released from escrow in equal blocks at 6 month intervals over the 36 months following the date the Company's common shares are listed on the CNQ (that is 15% of each Principal's holdings being released in each block with an initial 10% block being released on the date the Company's common shares are listed on the CNQ).

As at June 30, 2008, 5,800,000 have been released and 8,700,000 common shares remain in escrow.

e) 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 and consultants vest at a rate of 50% on the grant date and 50% on the first anniversary subsequent to the grant date. Stock options granted to management and employees vest at a rate of 50% on the first anniversary subsequent to the grant date and 50% on the second anniversary subsequent to the grant date.

On January 31, 2007, the Company granted 862,200 stock options, comprising 631,000 stock options to management and directors and 231,200 stock options to consultants, with a fair value of \$116,466, exercisable for a period of five years at \$0.15 per option. As at December 31, 2007, 95,600 stock options from this issuance were cancelled.

On May 4, 2007, the Company granted 45,000 stock options to management and directors, with a fair value of \$12,563, exercisable for a period of five years at \$0.31 per option

On August 15, 2007, the Company granted 201,100 stock options, including 60,100 stock options to management, employees, and directors and 141,000 stock options to consultants, with a fair value of \$34,613, exercisable for a period of three years at \$0.32 per option.

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5. SHARE CAPITAL (continued)

e) Stock options (continued)

On June 25, 2008, the Company granted 181,200 stock options to management, employees, and directors, exercisable for a period of three years at \$0.18 per option

For the six months ended June 30, 2008, stock-based compensation of \$13,286 was charged to operations.

The following table summarizes the continuity of the Company's stock options:

| Expiry Date | Exercise Price \$ | December 31 2007 | Issued/ Exercised | Expired/ Cancelled | June 30 2008 |
|--|----------------------|---------------------|----------------------|-----------------------|-----------------|
| January 31, 2012 | 0.15 | 766,600 | - | - | 766,600 |
| May 4, 2012 | 0.31 | 45,000 | - | - | 45,000 |
| August 15, 2010 | 0.32 | 171,100 | - | - | 171,100 |
| September 4, 2010 | 0.32 | 30,000 | - | - | 30,000 |
| June 25, 2011 | 0.18 | | 181,200 | | 181,200 |
| | | 1,012,700 | 181,200 | - | 1,193,900 |
| Weighted average exercise price(\$) | | 0.19 | | | 0.19 |

Information regarding options outstanding as at June 30, 2008 is as follows:

| Exercise Price | Number of Options Outstanding | Weighted Average Remaining Contractual life (years) | Number of Options Exercisable |
|----------------|----------------------------------|--|----------------------------------|
| \$ 0.15 | 766,600 | 3.34 | 315,500 |
| \$ 0.31 | 45,000 | 3.60 | 22,500 |
| \$ 0.32 | 171,100 | 1.87 | 70,550 |
| \$ 0.32 | 30,000 | 1.93 | - |
| \$ 0.18 | 182,200 | 3.00 | - |
| | 1,012,700 | 3.45 | 408,550 |

The Company recognizes compensation expense for all stock options granted using the fair value based method of accounting. The fair value of stock option granted is recognized in income on a straight line basis over the vesting period. The same assumptions as the previous reporting period were used for the Black-Scholes method of valuation of the stock options granted during the period. 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 single measure of the fair value of the Company's stock options.

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5. SHARE CAPITAL (continued)

f) Contributed Surplus

The following table summarizes the continuity of the Company's contributed surplus.

| | Amount \$ |
|------------------------------------|-----------|
| January 1, 2007 | - |
| Fair value of stock options vested | 125,012 |
| Fair value of agent warrants | 22,148 |
| December 31, 2007 | 147,160 |
| Fair value of stock options vested | 24,667 |
| June 30, 2008 | 171,827 |

g) Share Purchase Warrants

The continuity of share purchase warrants is as follows:

| | Number of Warrants | Weighted Average Exercise Price |
|----------------------------|--------------------|------------------------------------|
| Balance, January 1, 2007 | - | - |
| Issued: | | |
| March 1, 2007 (Note 5(b)) | 50,000 | \$0.15 |
| May 31, 2007 (Note 5(c)) | 835,557 | \$0.40 |
| May 31, 2007 (Note 5(c)) | 1,010,424 | \$0.50 |
| Balance, December 31, 2007 | 1,895,981 | \$0.44 |
| Exercised | (15,000) | \$0.15 |
| Expired/Cancelled | (35,000) | \$0.15 |
| Expired/Cancelled | (1,845,981) | \$0.45 |
| Balance, June 30, 2008 | - | - |

6. RELATED PARTY TRANSACTIONS

During the six months ended June 30, 2008, the Company entered into the following transactions with related parties, as compared to the corresponding period in the previous year

- (i) the Company incurred from Mineral Hill Industries Ltd., a company controlled by common directors, Accounting and legal fees amounting to \$3,336 (2007: \$3,000); Consulting and administrative expenses amounting to \$21,126 (2007: \$ 19,633); Investor relations expenses amounting to \$ 5,250 (2007: \$Nil) and Office, rent and telephone amounting to \$7,635 (2007: \$5,155);
- (ii) the Company incurred Consulting and administrative fees, from Copper Belt Resources Ltd., a company controlled by common directors, amounting to \$349 (2007: \$Nil);
- (iii) the Company incurred IT service fees from Krypt-LogX Network Ltd., a company controlled by common directors, amounting to \$12,960 (2007: \$ Nil).
- (iv) the Company incurred interest \$ Nil (2007: \$4,973) on loans granted by companies with common

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directors.

6. RELATED PARTY TRANSACTIONS (continued)

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

At June 30, 2008, \$15,349 was due from companies related by common directors, as compared to \$43,169 at December 31, 2007. Amount receivable from Gixtat'in Mhind Link Inc was \$15,000 (2007: \$40,000), from Copper Belt Resources Ltd. was \$349 (2007: \$Nil) and from Mineral Hill Industries Ltd. was \$Nil (2007: \$3,169).

At June 30, 2008, \$25,896 was due to companies related by common directors as compared to \$11,699 at December 31, 2007. Amount payable to Gixtat'in Mhind Link Inc was \$994 (2007: \$Nil), to Krypt-LogX Network Ltd. was 2,268 (2007: \$Nil) and to Mineral Hill Industries Ltd. was \$22,634 (2007: \$11,699).

All amounts outstanding are unsecured, non-interest bearing and are due on demand.

7. INCOME TAXES

In assessing future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of future income tax liabilities, projected future taxable income, and tax planning strategies in making this assessment and providing a valuation allowance.

| | 2007 | 2006 |
|---------------------------------------|-------------|-------------|
| Canadian statutory income tax rate | 34.12% | 35.12% |
| | \$ | \$ |
| Income tax recovery at statutory rate | 172,474 | 101,238 |
| Effect of income taxes of: | | |
| Accounting gains and losses | 9,533 | - |
| Share issuance costs | (12,688) | (35,505) |
| Stock-based compensation | 42,654 | - |
| Flow-through shares renounced | 254,430 | - |
| Valuation allowance | (192,907) | (65,733) |
| Income taxes recoverable | 254,430 | - |

The nature and effect of the Company's future income tax assets is as follows:

| | 2007 | 2006 |
|---|-------------|-------------|
| | \$ | \$ |
| Non capital losses carried forward | 434,800 | 103,300 |
| Mineral cost pools in excess of capitalized costs | 332,400 | - |
| Capital assets | 280 | 200 |
| Share issuance costs | 137,500 | 100,300 |
| | 904,980 | 203,800 |
| Statutory tax rate | 29.00% | 34.12% |
| | 262,444 | 69,537 |
| Less: Valuation allowance | (262,444) | (69,537) |

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| | | |
|----------------------|---|---|
| Net future tax asset | - | - |
|----------------------|---|---|

7. INCOME TAXES (continued)

As at December 31, 2007, the Company had non-capital losses of approximately \$434,800 to carry forward to reduce future years' taxable income, expiring as follows:

| | | |
|------|----|---------|
| 2015 | \$ | 14,800 |
| 2026 | | 88,500 |
| 2029 | | 331,500 |
| | \$ | 434,800 |

8. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Cash and equivalents included in the consolidated statement of cash flows:

| | | 2008 | 2007 |
|--|----|------|------|
| Cash paid during the period for income taxes | \$ | - | \$ - |
| Cash paid during the period for interest | \$ | - | \$ - |

9. SEGMENTED INFORMATION

The Company currently conducts substantially all of its operations in Canada in one business segment being the exploration and development of its mineral properties.

10. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, marketable securities, receivables, receivables from related parties, due from related parties, accounts payable and accrued liabilities and accounts payable 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

The Company does not believe it is subject to any significant credit risk although cash is held in excess of federally insured limits, with major financial institutions.

Currency risk

The Company is exposed to currency risk by incurring certain expenditures in currencies other than the Canadian dollar. The Company does not use derivative instruments to reduce its currency risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure. The Company invests its short term excess cash in highly liquid short-term interest bearing investments with reputable financial institutions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate

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because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments is limited.

11. MANAGEMENT OF CAPITAL RISK

The Company manages its cash and cash equivalents, common shares, stock options and warrants as capital, in order to safeguard the Company's ability to continue as a going concern to achieve its exploration objectives and to maintain an adequate capital structure at an optimum cost commensurate with an acceptable level of risk.

To maintain the adequate capital structure, the Company may attempt to issue new shares or issue new debt instruments.

The Company expects its current capital resources will be sufficient to carry its operations through its current operating period.

12. SUBSEQUENT EVENTS

(a) Loan with related party

On August 5, 2008, the Company entered into a loan agreement with Merfin Management for an amount of \$30,000. Under the terms of the agreement, the amount is unsecured, bears interest at 8.5% per annum commencing on the first day of the month subsequent to the month of the advance and will become due on August 3, 2011, or at any time before, if such payment is accepted by the Lender, in common shares or units of the borrower's share capital.

Management Discussion and Analysis ("MD&A") is intended to help the reader understand Nass Valley Gateway Ltd.'s ("NVGL" or the "Company") financial statements. The information herein should be read in conjunction with the unaudited financial statements for the period ended June 30, 2008 and audited financial statements for the year ended December 31, 2007. 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.

Accounting Principles

The financial Statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as described in Note 2 of the Financial Statements.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The Board's audit committee meets with management regularly to review the financial statements and the MD&A and to discuss other financial, operating and internal control matters.

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

Highlights and Subsequent Events

The following are highlights of events occurring during the period and subsequent thereto:

On June 25, 2008, Mr Jayram Hosanee was appointed as Chief Financial Officer of the Company.

On June 19, 2008, the Company announced that it will use its best efforts to raise by private placement up to an amount of \$120,000 through the issue of 3,000,000 Flow Through Shares and 3,000,000 Non-Flow Through Shares. Please refer to page 5 of this document for details.

On June 25, 2008, the Company granted to its employees and directors, incentive stock options to purchase up to 181,200 common shares at a price of \$0.18 per share, exercisable for a period of three years.

On August 5, 2008, the Company entered into a loan agreement with Merfin Management for an amount of \$30,000. Under the terms of the agreement, the amount is unsecured, bears interest at 8.5% per annum commencing on the first day of the month subsequent to the month of the advance and will become due on August 4, 2011.

Description of Business and Overall Performance

Nass Valley Gateway Ltd. ("NVGL") 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 CNQ Stock Exchange on March 9, 2007 under the trading symbol 'NVGL'. As of October 5, 2007, the Company's common shares are co-listed on the "Open Market" of the Frankfurt (Germany) Stock Exchange are trading under the symbol "3NV". The Company's common shares are also traded on the Third Market Segment called Freiverkehr on the Berlin-Bremen Stock Exchange.

NVGL is a natural resource exploration company engaged in Vancouver, British Columbia in the exploration for industrial and metallic minerals in the Province of British Columbia.

The Company currently holds an option to acquire the following mineral properties in British Columbia:

(a) Nass Bay Project

On March 10, 2006, the Company entered into an option agreement ("OA#1") with Gitxat'in Mhind World Link Inc. (the "Optionor"), pursuant to which the Company was granted an option to purchase up to 75% interest of the Optionor's interest in the Nass Bay Project, situated in the Nisga'a Nation's lands in northern coastal British Columbia. Gitxat'in Mhind World Link Inc. ("GMWL") is a non reporting company of which 50% of its common shares are owned by Gitxat'in Development Corporation ("GDC") and 50% by Mineral Hill Industries Ltd. ("MHI"). GDC has the right to redeem 1% of MHI's 50% share holdings in GMWL.

The Nass Bay project ("NB-Project") is a construction aggregate project and the project area consists of three parts:

1. A smaller Lower Portion, which lands are according to the Nisga'a Treaty owned in Fee Simple and under the jurisdiction of the Gingolx Village Government ("GVG") and as such registered in the Nisga'a Land Title Office (the "GVG-Lands" or "NB-Project_A" of approximately 32.40 hectares);
2. A larger Upper Portion (the "NLG-Lands" or "NP-Project_B" approximately 137.60 hectares) which is according to the Nisga'a Treaty under the jurisdiction of the Nisga'a Lisims Government ("NLG"). These two sections "A" and "B" of the NB-Project are not conventional mineral tenures since they are situated on Nisga'a Nation's lands. The Nisga'a Nation owns exclusively all mineral rights within their lands. The Company's drill program included only NLG-Lands since it received NLG permits for exploration on that portion of the NB-Project. A permit for exploration on the GVG-Lands was given by NLG, conditional upon the approval of GVG;
3. And recently staked mineral claims along the south-easterly shore of Observatory Inlet, as reported in the Company's news release dated June 11, 2007. These new claims are Crown Land and are adjoining the boundary of the Nisga'a Lands forming the continuous northeastern third part of the NB Project ("Crown-Lands" or "NB-Project_C" which are approximately 680 hectares). The Crown-Lands are conventional mineral tenure which is owned 100% by NVGL. This North-eastern part of the NB-Project will provide the Company with the largest potential resource, as well as an additional possible site for a deep water shipping facilities.

During year the 2007, representative rock samples from the Nass Bay Project have been tested. Samples have been submitted for laboratory work to two different labs located in Burnaby, B.C. and San Francisco, California. Test results were received in late 2007 and, a National Instrument 43-101 report dated February 19, 2008 was filed on SEDAR.

Further to the recommendation for a bulk sampling and further exploration program recommended within the 43-101 report, Management prepared in March, logistics for a general bathymetric reconnaissance on the Observatory Inlet adjacent to the NB-project. Two consultants were engaged, and as soon as weather conditions permitted, Management investigated temporary barge locations and possible permanent ship load out options along the east shore of the Observatory Inlet. Further drill targets west of the base line, were established to expand the exploratory drill program.

In May 2008, the Company renewed the mineral tenure. The Company is in the process of concluding a financing structure which will allow the program within the 43-101 report, recommended by the consultant, to be completed.

As of June 30, 2008, the Company paid a total of \$75,000 cash, issued 600,000 shares with a fair value of \$222,000 and capitalized a further \$12,113 in exploration costs, bringing the cumulated exploration expense from \$668,907 at December 31, 2007 to \$681,020.

(b) Kleanza Mountain Project

On May 9, 2007, the Company announced that it has entered into an option agreement (the "Agreement") with Georgilas Investments Ltd. (the "Optionor"), pursuant to which the Company has the right to earn up to 70% interest, subject to a 2% Net Smelter Return payable to the Optionor, in certain mineral claims in the Terrace area of British Columbia to explore a historic copper-silver prospect.

As of December 31, 2007 the Company had made cash payment of \$23,416 and issued 50,000 common shares at \$0.24 per share, totaling \$35,416. Cumulative exploration costs on Kleanza Mountain project as of December 31, 2007 amounted to \$51,914. Subsequent to the year ended December 31, 2007, the Company received a geologist's report citing a low probability of economic visibility in the project. On February 1, 2008, the Company elected not to continue with the project and gave notice the Optioner to terminate the option agreement. Management considered that, as at December 31, 2007, acquisition costs of \$35,416 had been impaired and had been charged to operations at that date. The cumulative exploration costs of \$51,914 were written off as generative exploration expense at December 31, 2007.

Results of Operations

Six months ended June 30, 2008 compared to six months ended June 30, 2007

Net loss and comprehensive loss for the six months ended June 30, 2008 amounted to \$181,966 (loss per share - \$0.01) compared to \$231,675 (loss per share - \$0.01) for the corresponding period in 2007. As still in the exploration stage, the Company has not generated any revenue. The decrease in loss of \$49,709 is mainly attributable to:

1. a decrease of \$19,965 in accounting and legal expense, from \$47,094 (2007) to \$33,129 (2008). In 2007 the Company completed a prospectus to qualify the distribution of 3,600,000 common shares issuable upon the exercise of 1,200,000 previously issued special warrants.
2. an increase of \$20,607 in consulting and administrative expenses from \$15,688 (2007) to \$36,295 (2008). Consultants were hired and administrative charges were paid to Mineral Hill Industries Ltd., a public company with common directors during the latter part of the period.
3. a decrease of \$17,907 in generative exploration expense from \$36,544 (2007) to \$18,637 (2008). The Company capitalized on feasible exploration expenditures.
4. an increase of \$9,754 in insurance expense from \$Nil (2007), as new coverage was introduced after June 30, 2007.

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5. a decrease of \$13,880 in stock based compensation expense from \$24,147 (2007) to \$10,039 (2008), arising from higher vesting of the Company's stock options in the six months ended June 30, 2007.
6. a decrease in transfer agent and filing fees of \$12,248, from \$20,774 (2007) to \$8,526 (2008) on account of a prospectus that was prepared for its initial public offering and private placement in 2007.
7. an increase of \$12,960 in IT related services from \$Nil to \$12,960, incurred for setting up and maintenance of the Company's website and other IT related services in 2008.

Three months ended June 30, 2008 compared to three months ended June 30, 2007

Net loss and comprehensive loss for the three months ended June 30, 2008 amounted to \$90,224 (loss per share - \$0.004) compared to \$120,359 (loss per share - \$0.01) for the corresponding period in 2007. No revenue was generated during these periods. The decrease in loss of \$30,135 is mainly attributable to:

1. an increase of \$8,717 in accounting and legal expense, from \$11,145 (2007) to \$19,862 (2008) due to increased end-of-year audit fees incurred during that period.
2. an increase of \$3,238 in consulting and administrative expenses from \$15,688 (2007) to \$18,926 (2008) as a result of increased consulting fees incurred for during the period in 2008.
3. a decrease of \$12,914 in generative exploration expense from \$16,429 (2007) to \$3,515 (2008). The Company capitalized on feasible exploration expenditures.
4. an increase of \$4,664 in insurance expense from \$Nil (2007), as new coverage was introduced after June 30, 2007.
5. a decrease of \$7,810 in stock based compensation expense from \$19,190 (2007) to \$11,380 (2008), arising from higher vesting of the Company's stock options in the three months ended June 30, 2007.
6. a decrease in transfer agent and filing fees of \$10,850, from \$18,112 (2007) to \$7,262 (2008) on account of a prospectus that was prepared for its initial public offering and private placement in 2007.
7. an increase of \$6,480 in IT related services from \$Nil to \$6,480, incurred for setting up and maintenance of the Company's website and other IT related services in 2008.

During the period ended June 30, 2008, exploration expenditure amounted to \$12,113 was capitalized as detailed below:

| | |
|-------------------------------|-----------------|
| Consulting | \$ 1,014 |
| Geologist | 9,527 |
| Travel and lodging | 364 |
| Reports, drafting and maps | 1,208 |
| Total expenditure capitalized | <u>\$12,113</u> |

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| | Year Ended | | |
|-------------------------------------|---------------------|---------------------|---------------------|
| | December 31 2007 | December 31 2006 | December 31 2005 |
| | \$ | \$ | \$ |
| Total revenues | - | - | - |
| General and administrative | 544,919 | 286,817 | 17,593 |
| Income (loss) for the year | (254,062) | (284,216) | (17,593) |
| Income (loss) per share – basic | (0.01) | (0.02) | (0.00) |
| Income (loss) per share – diluted | (0.01) | (0.02) | (0.00) |
| Total assets | 1,209,156 | 381,375 | 23,307 |
| Total long –term liabilities | - | - | - |
| Shareholder's equity | 1,168,697 | 298,053 | 15,269 |
| Cash dividends declared - per share | - | - | - |

Selected Quarterly Information (Unaudited)

| Three months ended | Jun 30 2008 | Mar 31 2008 | Dec 31 2007 | Sep 30 2007 | Jun 30 2007 | Mar 31 2007 | Dec 31 2006 | Sep 30, 2006 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| Total assets | \$ 1,064,004 | \$1,112,680 | \$1,209,156 | \$1,381,983 | \$1,418,693 | \$766,858 | \$381,375 | \$537,381 |
| Resource properties and deferred costs | 978,020 | 978,020 | 965,907 | 1,004,941 | 888,025 | 633,602 | - | - |
| Working capital | 28,995 | 107,637 | 195,753 | 317,167 | 495,984 | (192,397) | 289,798 | 509,169 |
| Shareholders' equity | 1,013,648 | 1,092,492 | 1,168,697 | 1,329,449 | 1,391,655 | 449,175 | 298,053 | 512,892 |
| Revenue | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Net loss | (90,224) | (91,742) | 63,371 | (82,758) | (120,359) | (111,316) | (215,120) | (53,167) |
| Earnings (loss) per share | (0.00) | 0.00 | 0.01 | (0.00) | (0.01) | (0.01) | (0.01) | (0.01) |

Liquidity

The Company's working capital and deficit positions at June 30, 2008 were as follows:

| | June 30 2008 | December 31 2007 |
|-----------------|-----------------|---------------------|
| Working capital | \$ 28,995 | \$ 195,753 |
| Deficit | (734,837) | (552,871) |

The cash position at June 30, 2008 was \$40,947 compared with \$166,360.

The Company announced that it will use its best efforts to sell by private placement up to 3,000,000 Flow-Through Units at \$0.22 per unit (FT-Unit) and up to 3,000,000 Non Flow-Through Units at \$0.18 per unit (NFT-Unit). Each FT-Unit will be comprised of one common share and one-half of one transferable common share purchase warrant. Each whole warrant forming part of an FT Unit is exercisable for one additional non flow-through common share at \$0.25 per share for a period of one year from the date of closing. Each NFT-Unit will comprise of one common share and one-half of one transferable common share purchase warrant. Each whole warrant forming part of an NFT-Unit is exercisable for one additional non flow-through common share at \$0.25 per share for a period of one year from the date of closing. The Company will apply the proceeds from the private placement towards its next phase of its exploration program on its Bay Point located in British Columbia and for working capital to fund the ongoing operations and acquisitions.

Net cash used from operating activities for the six months ended June 30, 2008 amounted to \$115,550 compared to \$245,201 of cash used in the same period in the previous year. This was mainly due to lower expenditure during this period and in 2007, cash was applied to reduce accounts payable.

Net cash used for investing activities for the period under review decreased by \$875,912 compared to the same period in the previous year due to expenditure incurred on the mineral properties and exploration costs.

The Company's financial condition is contingent upon the results of the continuing exploration and if feasible, development of the Nass Bay Project. While the Company will seek to maximize recoveries and reduce operating costs, estimates and assumptions influencing these parameters at the feasibility 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 of the commodities. As a result, revenue derived from future operations, if any, will be impacted.

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 has 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.

Capital Resources

As at June 30, 2008, the Company had share capital, (including contributed surplus) totaling \$1,748,485, representing 22,026,303 common shares without par value, and a deficit of \$734,837, resulting in a shareholder's equity of \$1,013,648 (December 31, 2007 - \$1,168,697).

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 Financial Statements for the periods ended June 30, 2008 and 2007 and years ended December 31, 2007 and 2006, and its prospectus filed February 26, 2007, which are available on SEDAR at www.Sedar.com

Related Party Transactions

During the six months ended June 30, 2008, the Company entered into the following transactions with related parties, as compared to the corresponding period in the previous year

- (i) the Company incurred from Mineral Hill Industries Ltd., a company controlled by common directors, Accounting and legal fees amounting to \$3,336 (2007: \$3,000); Consulting and administrative expenses amounting to \$ 21,126 (2007: \$19,633); Investor relations expenses amounting to \$5,250 (2007: \$ Nil) and Office, rent and telephone amounting to \$7,635 (2007: \$5,155);
- (ii) the Company incurred Consulting and administrative fees, from Copper Belt Resources Ltd., a company controlled by common directors, amounting to \$349 (2007: \$Nil);
- (iii) the Company incurred IT service fees from Krypt-LogX Network Ltd., a company controlled by common directors, amounting to \$12,960 (2007: \$ Nil).
- (iv) the Company incurred interest \$ Nil (2007: \$4,973) on loans granted by companies with common directors.

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

At June 30, 2008, \$ 15,349 was due from companies related by common directors, as compared to \$43,169 at December 31, 2007. Amount receivable from Gixtat'in Mhind Link Inc was \$15,000 (2007: \$40,000), from Copper Belt Resources Ltd. was \$349 (2007: \$ Nil) and from Mineral Hill Industries Ltd. was \$Nil (2007: \$3,169).

At June 30, 2008, \$25,896 was due to companies related by common directors as compared to \$11,699 at December 31, 2007. Amount payable to Gixtat'in Mhind Link Inc was \$994 (2007: \$Nil), to Krypt-LogX Network Ltd. was \$2,268 (2007: \$Nil) and to Mineral Hill Industries Ltd. was \$22,634 (2007: \$11,699).

All amounts outstanding are unsecured, non-interest bearing and are due on demand.

Directors and Officers

| | |
|--------------------|--|
| Dieter Peter | Chairman, CEO and Director (Mineral Hill Industries Ltd. and CB Resources Ltd.) |
| Melvin Stevens | President and Director |
| Andrew von Kursell | Director (Mineral Hill Industries Ltd. and CB Resources Ltd.) |
| Hugh Maddin | Director (Mineral Hill Industries Ltd.) |
| Patrick Stewart | Director |
| Edward Skoda | Director |
| Jayram Hosanee | Chief Financial Officer (Mineral Hill Industries Ltd. and CB Resources Ltd.) |
| Josephine See | VP of Corporate Affairs, Treasurer and Corporate Secretary (Mineral Hill Industries Ltd. and CB Resources Ltd.) |

Outstanding Share Data as at August 15, 2008:

| | Number outstanding | Exercise Price | Expiry Date |
|--|-----------------------|-------------------|-------------------|
| Common shares | 22,026,303 | | |
| Common shares issuable on exercise: | | | |
| Stock options | 766,600 | \$0.15 | January 31, 2012 |
| Stock options | 45,000 | \$0.31 | May 4, 2012 |
| Stock options | 171,100 | \$0.32 | August 15, 2010 |
| Stock options | 30,000 | \$0.32 | September 4, 2010 |
| Stock options | 181,200 | \$0.18 | June 25, 2011 |

On February 29, 2008, the Company received gross proceeds of \$2,250 from the exercise of 15,000 agent warrants. The remaining balance of 35,000 agent warrants expired on March 1, 2008. On June 25, 2008, the Company granted 181,200 stock options to management, employees, and directors, exercisable for a period of three years at \$0.18 per option

Risks and Uncertainties

The Company is engaged in the exploration of mineral deposits. The Company's financial success will be dependent upon the discovery or acquisition of mineral resources and mineral reserves. These activities involve significant risks which are even with careful evaluation, experience and knowledge may not, in some cases, be eliminated.

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

- The high degree of volatility in the prices of rock aggregates and metal commodities;
- The demand of commodities can be dependent on global consumption;
- An increasing competition to acquire mineral properties throughout the world;
- No assurance about the economic viability, it is speculative;

-
- Geology is a field subject to different interpretations that could affect the success of any exploration and development program;
 - Exploration and access to the property can be restricted by unexpected and unusual weather conditions such as floods, forest fires, blockades or other natural and environmental occurrences, which are beyond the Company's control;
 - Additional costs can be incurred such as availability of experts, work force and equipments;
 - Additional expenditures will be required to establish resources or reserves on mineral properties, if nay resources or reserves exist on the properties;
 - The rights to the mineral properties must be maintained in accordance with various regulations and agreements;
 - There are various government and environmental regulations that must be followed by the Company, which are changing constantly.

Future Developments

The Company will continue to pursue the development of its projects and its efforts to secure further mineral resource opportunities with its business alliance partners.

Forward looking statements

Except for statements of historical fact, certain information contained herein constitutes forward-looking statements. Forward-looking statements are usually identified by the use of certain terminology, including "will", "believes", "may", "expects", "should", "seeks", "anticipates", "plans" or "intends" or by discussions of strategy or intentions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results or achievements to be materially different from any future results or achievements expressed or implied by such forward- looking statements. Forward-looking statements are statements that are not historical facts, and include but not limited to, estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to the effectiveness of the Company's business model; future operations, products and services; the impact of regulatory initiatives on the Company's operations; the size of and opportunities related to the markets for the Company's products; general industry and macroeconomic growth rates; expectations related to possible joint and/or strategic ventures and statements regarding future performance.

Forward-looking statements used in this discussion are subject to various risks and uncertainties, most of which are difficult and generally beyond the control of the Company. If risks and uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Forward-looking statements in this document are not a prediction of future events or circumstances, and those future events or circumstances may not occur. Given these uncertainties, users of the information included herein, including investors are cautioned not to place undue reliance on such forward-looking statements.

Disclosure controls and procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures.

Based on that evaluation, management has concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide

reasonable assurance that information required to be disclosed in the Company's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.

There were no change in the Company's internal control over financial reporting during the Company's period ended June 30, 2008 that materially affected, or was reasonably likely to materially affect, the Company's internal control over financial reporting.

Internal controls over financial reporting

The Company evaluated the design of its internal controls and procedures over financial reporting as defined under Multilateral Instruments 52-109 for the period ended June 30, 2008. The Company maintains a system of internal controls to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable. The Board of Directors has responsibility for developing and implementing the Company's approach to governance issues. Committees of the Board presently consist of an Audit Committee, an Advisory Committee, an Exploration Committee, and an Environmental Committee. Based on the evaluation, management has concluded that the design of these internal controls and procedures over financial reporting was effective.

Critical accounting estimates

The fair value of financial instruments is estimated to approximate their carrying values due to their short term nature.

Changes in accounting policies

Effective January 1, 2008 the Company has adopted the following new Canadian accounting pronouncements. There was no material impact on the Company's financial condition or operating results as a result of the adoption of these new standards:

i. Assessing going concern - Section 1400

The Canadian Accounting Standards Board ("AcSB") amended the Section 1400, to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

ii. Capital disclosures - Section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

iii. Financial Instruments – Sections 3862 & 3863 – Disclosures & Presentation

These new sections 3862 (on disclosures) and 3863 (on presentation) replace Section 3861, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals

with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset.

Convergence with International Financial Reporting Standards

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

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, GST recoverable, loans receivables from related parties, pre-paid expense, accounts payable and accrued liabilities, and accounts payable 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. The fair value of these financial instruments approximates their carrying values due to their short-term maturity capacity for prompt liquidation

Disclaimer

The information provided in this document is not intended to be a comprehensive review of all matters concerning the Company. The users of this information, including but not limited to investors and prospective investors, should read it in conjunction with all other disclosure documents provided including but not limited to all documents filed on SEDAR (www.SEDAR.com). No securities commission or regulatory authority has reviewed the accuracy of the information presented herein.

"Dieter Peter"

On behalf of the Board

Dieter Peter

Chairman and CEO