

## 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 CNSX 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 CNSX 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 third quarter ended September 30, 2013 are attached hereto as Schedule A.

#### SCHEDULE B: SUPPLEMENTARY INFORMATION

##### 1. Related Party Transactions

During the nine months ended September 30, 2013, the Company entered into the following transactions with related parties.

Key Management personnel compensation

No remuneration was paid during the nine months ended September 30, 2013 and 2012 to any key management personnel. Instead, the Company pays a management fee and administrative charges, including the services of its key management personnel, to Mineral Hill Industries Ltd, a company listed on the TSX Venture, which has common directors and officers.

During the nine months ended September 30, 2013, the Company incurred \$66,250 (2012: \$102,377) with respect to the foregoing.

### Other related party transactions

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

	<b>September 30 2013</b>	December 31 2012
GMM Admin Corp.	\$ 786	786
Mineral Hill Industries Ltd.	-	25,638
	<b>\$ 786</b>	<b>26,424</b>

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

	<b>September 30 2013</b>	December 31 2012
Kirkland Precious Metals Corp.	\$ 6,184	3,100
Global Environomic Systems Corp.	135	100
	<b>\$ 6,319</b>	<b>3,200</b>

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

During the nine months ended September 30, 2013, the Company entered into loan agreements with Merfin Management Limited ("Merfin"), a private company with a common director for loan totalling \$134,000. Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum.

During the nine months ended September 30, 2013, the Company

- i. accrued a further \$5,440 (2012: \$7,069) in interest on the outstanding loans
- ii. repaid a total of \$ \$Nil (2012: \$324,526) in outstanding loans, including interest.

At September 30, 2013, the outstanding loan and accrued interest balance is \$139,440 (December 31, 2012: \$20,000).

## 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) 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
Feb. 19, 2013	Common shares	Acquisition of property	33,333	\$0.02	\$667	Property	Unrelated party	\$Nil

(b) Summary of options granted during the period.

Date	Number (1)	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Aug. 28, 2013	20,000		Mike Kelm CEO Assistant	\$0.10	Aug. 28, 2015	\$0.02
Sep. 30, 2013	50,000	Andrew von Kursell Director		\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	195,000	Dieter Peter Director & President		\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	70,000	John Patrick Copeland Director		\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	95,000	Melvin Stevens Director		\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	60,000	Peng Zhang Director		\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	70,000		Bert Kelm Advisory Committee Member	\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	20,000		Eric Peter-Kaiser Consultant	\$0.10	Sep. 30, 2015	\$0.01

Sep. 30, 2013	25,000		Rick Morrison Advisory Committee Member	\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	60,000		James Elliott Advisory Committee Member	\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	10,000		Mory Ghomshei Advisory Committee Member	\$0.10	Sep.30, 2015	\$0.01
Sep. 30, 2013	15,000		Lawrence Chen Consultant	\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	15,000		Grant Hendrickson Consultant	\$0.10	Sep.30, 2015	\$0.01
Sep. 30, 2013	80,000		Michael Zhu CFO	\$0.10	Sep. 30, 2015	\$0.01
Sep. 30, 2013	45,000		Mike Kelm CEO Assistant	\$0.10	Sep. 30, 2015	\$0.01
<b>Total</b>	<b>830,000</b>					

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

	<b>Number of Common Shares</b>	<b>Amount</b>
<b>Authorized Share Capital</b>	Unlimited	
<b>Balance, September 30, 2013</b>	24,417,083	\$2,532,566

The following is a summary of options and warrants outstanding as at the third quarter ended September 30, 2013.

	<b>No. of Shares under Option/Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
Options	1,343,320	\$0.10	November 8, 2015
Options	20,000	\$0.10	August 28, 2015
Options	810,000	\$0.10	September 30, 2015
<b>Total Options</b>	<b>2,173,320</b>		

Warrants	1,133,333	\$0.10	June 7, 2015
Warrants	12,000,000	\$0.10	May 1, 2016
<b>Total Warrants</b>	<b>13,133,333</b>		
<b>Total</b>	<b>15,306,653</b>		

There were no outstanding shares held in escrow as at September 30, 2013.

**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.)

Melvin Stevens, Director

Andrew von Kursell, Director (Mineral Hill Industries Ltd.)

Peng Zhang, Director (appointed on May 15, 2012)

John Patrick Copeland, Director (appointed on June 29, 2012)

Michael Zhu, CFO (Mineral Hill Industries Ltd.)

Mike Kelm, Corporate Secretary (appointed on September 30, 2013)

**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: November 15, 2013

Dieter Peter  
Name of Director or Senior Officer

"Dieter Peter"  
Signature

Director & CEO  
Official Capacity

<b>Issuer Details</b> Name of Issuer Nass Valley Gateway Ltd.	For Quarter Ended September 30, 2013	Date of Report YY/MM/DD 2013/11/15
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 info@3xgmm.com	Web Site Address <a href="http://www.nassvalleyglobal.com">www.nassvalleyglobal.com</a>	

## Schedule A

### Financial Statements

**NASS VALLEY GATEWAY LTD.**  
**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED**  
**SEPTEMBER 30, 2013 and 2012**  
*(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	6-21

---

**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)*

	September 30 2013 (Unaudited)	December 31 2012 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and equivalents (Note 4)	8,053	7,853
Amounts receivable	1,099	10,848
Amounts receivable from related parties (Note 7)	6,319	3,200
Prepaid expenses	-	4,540
	15,471	26,441
<b>Non-current assets</b>		
Reclamation bond	3,000	3,000
	18,471	29,441
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	67,334	73,481
Due to related parties (Note 7)	140,226	20,786
	207,560	94,267
<b>Shareholders' deficiency</b>		
<b>Controlling interest</b>		
Share capital (Note 6(b) and (e))	2,532,566	2,531,899
Share based payment reserve	321,053	291,601
Deficit	(3,043,108)	(2,888,726)
	(189,489)	(65,226)
<b>Non-controlling interest</b> (Note 1 and 2)	400	400
	(189,089)	(64,826)
	18,471	29,441

Nature and Continuance of Operations (Note 1)

Subsequent Events (Note 11)

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors on November 15, 2013 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 September 30		For the nine months ended September 30	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Revenue</b>	-	-	-	-
<b>Expenses</b>				
Administrative services	17,125	51,960	66,250	102,377
Insurance	-	2,708	4,540	7,649
Loan interest expenses and bank charges (Note 7)	3,080	53	5,869	7,339
Investor relations	3,338	3,562	9,707	11,281
Information technology services	-	-	-	1,093
Office expenses	126	3,692	369	4,637
Professional fees	-	27,769	14,300	58,789
Share based payments (Note 6(c))	29,452	4,945	29,452	14,669
Transfer agent and filing fees	2,678	4,274	6,301	20,352
Travel and promotion	191	962	191	1,259
Wages and salaries	9,303	-	17,403	-
<b>Net loss and comprehensive loss</b>	<b>(65,293)</b>	<b>(99,925)</b>	<b>(154,382)</b>	<b>(229,445)</b>
<b>Net loss and comprehensive loss attributable to:</b>				
Controlling interest	(65,293)	(99,925)	(154,382)	(229,445)
Non-controlling interest	-	-	-	-
	<b>(65,293)</b>	<b>(99,925)</b>	<b>(154,382)</b>	<b>(229,445)</b>
Net loss per share, basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>	<b>24,417,083</b>	<b>24,383,750</b>	<b>24,411,000</b>	<b>19,292,692</b>

(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 nine months ended September 30, 2013 and 2012**  
*(Expressed in Canadian Dollars)*

	Share Capital					
	Number of shares	Amount	Share Subscriptions	Share based payment reserve	Deficit	Total
	(Note 12 (d))	\$	\$	\$	\$	\$
<b>Balance, January 1, 2012 (audited)</b>	<b>12,333,750</b>	<b>2,162,665</b>	15,000	<b>229,835</b>	<b>(2,548,477)</b>	<b>(140,977)</b>
Property option	50,000	3,000	-	-	-	3,000
Private placement, net	12,000,000	591,523	(15,000)	-	-	576,523
Share based payments	-	-	-	15,945	-	15,945
Comprehensive loss	-	-	-	-	(229,445)	(229,445)
<b>Balance, September 30, 2012 (unaudited)</b>	<b>24,383,750</b>	<b>2,757,188</b>	-	<b>245,780</b>	<b>(2,777,922)</b>	<b>225,046</b>
<b>Balance, January 1, 2013 (audited)</b>	<b>24,383,750</b>	<b>2,531,899</b>	-	<b>291,601</b>	<b>(2,888,726)</b>	<b>(65,226)</b>
Property option (Note 5 and 6(b))	33,333	667	-	-	-	667
Comprehensive loss	-	-	-	-	(154,382)	(154,382)
Share based payments	-	-	-	29,452	-	29,452
<b>Balance, September 30, 2013 (unaudited)</b>	<b>24,417,083</b>	<b>2,532,566</b>	-	<b>321,053</b>	<b>(3,043,108)</b>	<b>(189,489)</b>

(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 September 30		Nine months ended September 30	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Net loss for the period	\$ (65,293)	\$ (99,925)	\$ (154,382)	\$ (229,445)
<i>Items not affecting cash:</i>				
Stock-based compensation	28,785	8,345	29,452	18,068
Accrued interest	3,040	-	5,440	5,437
<i>Changes in non-cash working capital items:</i>				
Decrease (increase) in amounts receivable	1,389	(2,144)	9,749	(5,821)
Increase in accounts receivable to related parties	(79)	(19,808)	(3,119)	(27,654)
Decrease (Increase) in prepaid expenses	9,425	2,710	4,540	(2,040)
Increase (decrease) in accounts payable and accrued liabilities	(17,845)	1,187	(6,147)	(5,270)
	<b>(40,578)</b>	<b>(109,635)</b>	<b>(114,467)</b>	<b>(246,725)</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of share capital (Note 6(b))	-	-	-	577,800
Proceeds (repayments) of loan from related parties (Note 7)	17,667	-	114,667	(304,526)
	<b>17,667</b>	<b>-</b>	<b>114,667</b>	<b>273,274</b>
<b>Cash flows from investing activities</b>				
Deferred exploration costs (Note 5)	-	(18,902)	-	(26,402)
	<b>-</b>	<b>(18,902)</b>	<b>-</b>	<b>(26,402)</b>
<b>Increase/(decrease) in cash and equivalents</b>	<b>(22,911)</b>	<b>(128,537)</b>	<b>200</b>	<b>147</b>
<b>Cash and equivalents, beginning of the period</b>	<b>30,964</b>	<b>134,839</b>	<b>7,853</b>	<b>6,155</b>
<b>Cash and equivalents, end of the period</b>	<b>\$ 8,053</b>	<b>\$ 6,302</b>	<b>\$ 8,053</b>	<b>\$ 6,302</b>
<b>Supplemental cash flow disclosures: (Note 10)</b>				
Taxes paid	-	-	-	-
Interest paid	-	-	-	13,983

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

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(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 National Stock Exchange ("CNSX") trading under the symbol "NVG". The principal business address of the Company is 575 – 1111 West Hastings Street, Vancouver, V6E 2J3 British Columbia.

On April 27, 2012, the Company entered into a joint venture agreement with Vixon Technology Ltd. ("Vixon") for the commercialization and future assembly of industrial drying systems based on the applications of multi-wave technology (the "M-Wave System"). This joint venture will be carried out through the Company's subsidiary, M-Wave EnviroTech Inc. ("MWE") (formerly Greenville Environomic Energy Ltd.), in which the Company and Vixon each hold 60% and 40% ownership interests respectively. Under the agreement, the Company will operate this project. On October 5, 2012, MWE also entered into a joint venture agreement with Imperial Cedar Products Ltd. ("ICP"), for a Pilot Plant in Canada. MWE holds 60% in M-Wave System BC01 Inc. ("BC01") (formerly Greenville Energy Conversion Inc.), the subsidiary formed under the joint venture agreement at March 31, 2013. Both MWE and BC01 were not active during the period ended September 30, 2013.

#### Plan of arrangement – Spin Off

On October 15, 2012, the Company and its wholly subsidiary Kirkland Precious Metals Corp. ("KPM") completed a Plan of Arrangement ("POA") pursuant to which the Kirkland Properties were transferred from Nass Valley Gateway Ltd. To KPM, and then KPM was spun off to Nass Valley Gateway Ltd.'s shareholders, effectively eliminating any further involvement in the Kirkland Lake Properties by Nass Valley Gateway Ltd. The Company's primary focus is its technology venture in the multi-wave drying technology and energy-to-waste technology. (Note 5 and 6(e))

During 2012 the Company disposed of its Kirkland Lake Properties as outlined above, and during 2011 the Company impaired its Nass Bay Project. Although the Company has initiated its M-Wave System Project, it has never generated any reserve from operations and its ability to develop and sell the M-Wave System will depend on obtaining financial and other resources necessary to generate revenue.

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 condensed interim consolidated financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2013, the Company had an accumulated deficit of \$3,043,108 which has been funded primarily by the issuance of equity and loans from related parties. 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. Accordingly, there is significant doubt about the Company's ability to continue as a going concern.

#### Basis of 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 interim 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.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

#### Functional currency

The presentation and functional currency of the Company and each of its subsidiaries is the Canadian dollar.

### 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 Ltd. and Nass Energy Ltd., its 60% owned joint venture M-Wave EnviroTech Inc. They also include the assets and operations of KPM up to October 15, 2012.

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

Non-controlling interests are that part of the 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 condensed interim consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

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

	\$
Balance, January 1, 2011 and December 31, 2011	-
Investment in MWE (40%) and BC01 (40%) by non-controlling shareholders	400
Balance, September 30, 2013 and December 31, 2012	400

#### 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, profit 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 are:

- Share based payments is 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 assessment of indications of impairment of each of the exploration and evaluation assets and related determination of the net realizable value and write-down of those assets where applicable.



# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### b) Significant accounting judgements and estimates (continued)

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. The judgment made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment is the going concern assumption.

#### c) Cash and equivalents

Cash is comprised of cash on hand and demand 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.

#### 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) Exploration and evaluation assets

Exploration and evaluation costs, including the acquisition, exploration and development of mineral properties are capitalized as exploration and evaluation assets on a project-by-project basis pending determination of the technical feasibility and the commercial viability of the project. The capitalized costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. Capitalized costs include costs directly related to exploration and evaluation activities in the area of interest. General and administrative costs are only allocated to the asset to the extent that those costs can be directly related to operational activities in the relevant area of interest. When a license is relinquished or a project is abandoned, the related costs are recognized in profit and loss immediately. Upon commencement of commercial production, the related accumulated costs are amortized to income using the units of production method over estimated recoverable ore reserves. Management periodically assesses the carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that have lapsed, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves and the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values. The costs incurred include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

When options are granted on mineral properties or properties are sold, proceeds are credited to the cost of the property. If no future capital expenditure is required and proceeds exceed costs, the excess proceeds are reported as a gain.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### f) Decommissioning liabilities

The Company is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities and may from time to time incur decommissioning liabilities and the associated retirement costs related to site reclamation and abandonment. The fair value of the liability for an asset retirement obligation is recorded when it is incurred and the corresponding increase to the asset is depreciated over the life of the asset. The liability is increased over time to reflect an accretion element considered in the initial measurement at fair value. As at December 31, 2012 and 2011, the Company had not incurred any decommissioning liabilities related to the exploration and development of its mineral properties.

### g) Impairment

Impairment is assessed at the level of cash-generating units. Management regularly assesses carrying values of the non-producing mineral properties for which events and circumstances may indicate possible impairment. Impairment of a property is generally considered to have occurred if one of the following factors are present; the rights to explore have expired or are near to expiry with no expectation of renewal, no further substantive expenditures are planned or budgeted, exploration and evaluation work is discontinued in an area for which commercially viable quantities have not been discovered, indications that in an area with development likely to proceed the carrying amount is unlikely to be recovered in full by development or sale. The related property costs are written down to management's estimate of their net recoverable amount.

The recoverability of the carrying amount of mineral properties is dependent on successful development and commercial exploitation or alternatively the sale of the respective areas of interest.

### h) 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 resources 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.

### i) 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.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### j) 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. If this computation is anti-dilutive, diluted loss per share \$0.02 (2011 - \$0.08) is the same as basic loss per share. For the periods presented, this calculation proved to be anti-dilutive.

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

### l) 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.

### m) 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 statement of financial position 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. The following 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.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### n) 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, which are initially recognized at fair value.
- *Loans and receivables*  
Loans and receivables are non derivative financial assets which fixed or determinable payments that are not quoted in an active market. 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 loss.

*Other financial liabilities* – this category includes accounts payable, due to and loan payable 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 amortization: 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 asset: 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.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

The accounting policies set out in the Company's annual consolidated financial statements for the nine months period ended September 30, 2013 were consistently applied to all the periods presented unless otherwise noted below.

### **o) Accounting standards adopted during the period**

Effective January 1, 2013, the Company adopted the following new accounting standards and interpretations. The Company determined that the adoption of these standards and interpretations did not result in any material changes in the condensed interim consolidated financial statements.

#### **IFRS 7 "Financial Instruments: Disclosures"**

In December 2011, the IASB issued an amendment to this standard, which requires entities to provide additional information about offsetting of financial assets and financial liabilities that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with an entity's recognized financial assets and recognized financial liabilities, on the entity's financial position. This amendment is not expected to affect the Company.

#### **IFRS 10 "Consolidated Financial Statements"**

IFRS 10 establishes the principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 changed the definition of control such that the same criteria are applied to all entities to determine control. IFRS 10 supersedes all of the guidance in IAS 27, Consolidated and Separate Financial Statements and SIC 12, Consolidation – Special Purpose Entities.

#### **IFRS 11 "Joint Arrangements"**

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures.

#### **IFRS 12 "Disclosure of Interests in Other Entities Contributions"**

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

#### **IFRS 13 "Fair Value Measurement"**

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value that is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

#### **IAS 27 "Separate Financial Statements"**

As a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### o) Accounting standards adopted during the period (continued)

##### IAS 28 – Investments in Associates and Joint Ventures

As a consequence of the issue of IFRS 10, IFRS 11 and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

### 3. RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") 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 Company has not yet assessed the impact, if any, that the new amended standards will have on its financial statements or whether to early adopt any of the new requirements.

##### IAS 32 "Offsetting Financial Assets and Financial Liabilities" (Amendments to IAS 32)

The Amendments to IAS 32 add application guidance to address inconsistencies in applying IAS 32's criteria for offsetting financial assets and financial liabilities in the following two areas:

- the meaning of 'currently has a legally enforceable right of set-off'
- that some gross settlement systems may be considered equivalent to net settlement

The Amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively.

##### IFRS 9 "Financial Instruments"

The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. These chapters are effective for annual periods beginning on or after January 1, 2015. Chapters dealing with impairment methodology and hedge accounting are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues. Management has yet to assess the impact of this new standard to the Company.

### 4. CASH AND EQUIVALENT

	September 30, 2013 (Unaudited)	December 31, 2012 (Audited)
	\$	\$
Bank	3,053	2,853
Term deposit	5,000	5,000
	8,053	7,853

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 5. EXPLORATION AND EVALUATION ASSETS

	Kirkland Lake \$
<b>Balance, 1 January, 2012 (Audited)</b>	
Acquisition costs	142,000
Deferred exploration costs	56,887
	<b>198,887</b>
<i>Changes during 2012</i>	
Acquisition costs	3,000
Deferred exploration costs	23,402
Transfer to KPM in spin off (Note 6(e))	(225,289)
	<b>(198,887)</b>
<b>Balance, September 30, 2013 (Unaudited) and December 31, 2012 (Audited)</b>	
Acquisition costs	-
Deferred Exploration costs	-
	<b>-</b>

#### Kirkland Lake Project, Ontario

Effective on February 1, 2010, the Company entered into an acquisition agreement (the "Agreement") with Golden Dawn Minerals Inc. ("GOM") which gives the Company an option to acquire 80% Joint Venture interest in the three gold prospects within the Larder Lake Mining Division of the Province of Ontario, namely the Central Catharine, 80 Ft Fall and the Link Catharine properties.

Under the Agreement, the Company is required to make the following payments in addition to a work commitment of \$1,000,000 to be expended on or before the fourth anniversary of the effective date (February 1, 2010):

- (i) To the original Optionors. \$120,000 in cash and issuance of 50,000 (150,000 pre-consolidation) common shares.

	Cash payments	Common shares
On or before February 4, 2010 (paid in 2010)	\$ 60,000	-
On or before December 18, 2010 (paid and issued in 2010)	20,000	16,667
On or before January 18, 2011 (paid and issued in 2011)	40,000	33,333
	120,000	50,000
Discount granted in 2010 for early payments	(2,000)	-
	<b>\$ 118,000</b>	<b>50,000</b>

- (ii) To Golden Dawn Minerals Inc.

	Common shares
Within 10 days subject to required approval (effective date) (issued in 2010)	66,667
On or before the second anniversary of the effective date	50,000
On or before the third anniversary of the effective date	33,333
	<b>150,000</b>

At the year ended December 31, 2011, the Company completed the total cash payments to the Optionors of \$118,000 and issued 50,000 shares valued at \$10,000 to the Optionor and 66,667 shares valued at \$14,000 to GOM pursuant to the Agreement.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 5. EXPLORATION AND REVALUATION ASSETS (continued)

#### Kirkland Lake Project, Ontario (continued)

During the year ended December 31, 2012, the Company:

- (i) issued 50,000 shares to GOM, valued at \$3,000 pursuant to the Agreement (Note 6(b)); and
- (ii) incurred \$23,402 (year ended December 31, 2011: \$25,137) in exploration expenditures, bringing the total amount of capitalized exploration expenditures to \$80,289 at December 31, 2012 (December 31, 2011: \$56,887).

During the nine months ended September 30, 2013, the Company issued 33,333 shares to GOM valued at \$667 pursuant to the Agreement (Note 6(b)).

Cumulative exploration costs on the Kirkland Lake Project are as follows:

	September 30 2013 (Unaudited)	December 31 2012 (Audited)
	\$	\$
Consulting	-	1,500
Contracted services	-	21,000
Fieldwork	-	41,652
Reports, drafting and maps	-	16,137
Transfer to KPM in spin-off (Note 6(e))	-	(80,289)
Capitalized deferred exploration costs	-	-

Upon completion of the POA described in Note 1, on October 15, 2012, the Company had effectively assigned all its rights and interests in and to the Agreement and all its rights and interests in and to the Central Catharine, 80 Ft Fall and the Link Catharine properties, with the acknowledgment from Golden Dawn Minerals Inc., to KPM.

### 6. SHARE CAPITAL

#### a) Authorized share capital

At September 30, 2013, 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

On February 19, 2013, the Company issued 33,333 common shares, valued at \$667 to Golden Dawn Minerals Inc. pursuant to the acquisition agreement in Note 5.

On April 23, 2012, the Company received subscriptions for 12,000,000 million units for total proceeds of \$600,000. Each unit consists one common share and one warrant, exercisable at a price of \$0.10 within two years of issue. Finders' fees amounting to \$7,200 cash and 32,000 broker warrants were paid with respect to the private placement. All securities issued pursuant to this private placement are subject to a four-month hold period following the closing date.

On March 13, 2012, the Company consolidated its outstanding common shares on the basis of one post consolidated share for three pre-consolidated shares held, rounded to the nearest share. The total outstanding common shares of 37,151,303 were consolidated to 12,383,750. The outstanding shares, weighted average outstanding shares and loss per share information have been retrospectively adjusted to reflect this change. In addition, all share issuances, options and warrant transactions have been retrospectively adjusted to reflect the changes.



# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 6. SHARE CAPITAL (continued)

#### b) Issue of common shares (continued)

On February 28, 2012, the Company issued 50,000 (post-consolidated) common shares, valued at \$3,000 to Golden Dawn Minerals Inc. pursuant to the acquisition agreement in Note 5.

During the year ended December 31, 2011, the Company issued common shares with respect to the Kirkland Lake properties.

In 2011, the Company also issued 125,000 common shares (375,000 pre-consolidation), valued at \$18,750 to Merfin Management as interest, pursuant to the loan agreements between Merfin Management and the Company.

#### 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 180<sup>th</sup> day after the grant date. Stock options granted to employees vest at a rate of 50% on the 180<sup>th</sup> day after the grant date and the balance on the first anniversary of the grant date or the 540<sup>th</sup> day after the grant date.

On September 26, 2012, the Company cancelled all previously granted options (vested and unvested) with shareholders' approval. Subsequently, on November 8, 2012, the Company granted and issued new stock options to employees and consultants. The new grant of stock options in November 2012 included re-issuance of stock options under new set of terms to some employees and consultants who have had their options cancelled by the Company on September 26, 2012.

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

Expiry Date	Exercise Price \$	December 31 2012 (Audited)	Issued	Expired/ Forfeited	Cancelled	September 30 2013 (Unaudited)
November 8, 2015	0.10	1,489,152	-	(145,832)	-	1,343,320
August 28, 2015	0.10	-	20,000	-	-	20,000
September 30, 2015	0.10	-	810,000	-	-	810,000
Weighted average exercise price	0.10	1,489,152	830,000	(145,832)	-	2,173,320

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 6. SHARE CAPITAL (continued)

#### c) Stock options (continued)

Details regarding the options outstanding as at September 30, 2013 (unaudited) are as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Weighted Average Share Price per Market	Number of Options Exercisable
\$ 0.10	2,173,320	2.07	\$ 0.04	\$ 0.05	1,261,654

Details regarding the options outstanding as at December 31, 2012 (audited) are as follows:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Grant Date Fair Value	Weighted Average Share Price per Market	Number of Options Exercisable
\$ 0.10	1,489,152	2.85	\$ 0.05	\$ 0.06	602,494

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.

The weighted average grant fair value of 810,000 options granted on September 30, 2013 was \$0.01. 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 1.17%; the expected life of 1.5 years; expected volatility of 230%; and expected dividends of \$Nil.

The weighted average grant fair value of 20,000 options granted on September 30, 2013 was \$0.01. 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 1.17%; the expected life of 1.3 years; expected volatility of 246%; and expected dividends of \$Nil.

The weighted average grant fair value of 1,489,152 options granted on November 8, 2012 was \$0.05. 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 1.13%; the expected life of 2.6 years; expected volatility of 212%; and expected dividends of \$Nil.

The weighted average grant fair value of 428,324 options granted on January 4, 2012 was \$0.04. 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 1.00%; the expected life of 2 years; expected volatility of 177%; and expected dividends of \$Nil.

The weighted average grant fair value of 11,667 (35,000 pre-consolidation) options granted on March 29, 2011 was \$0.15 (\$0.05 pre-consolidation). 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 2.62%; the expected life of 3 years; expected volatility of 134%; and expected dividends of \$Nil.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 6. SHARE CAPITAL (continued)

#### c) Stock options (continued)

The weighted average grant fair value of 16,667 (50,000 pre-consolidation) options granted on March 1, 2011 was \$0.06 (\$0.02 pre-consolidation). 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 2.62%; the expected life of 1 year; expected volatility of 90%; and expected dividends of \$Nil.

#### d) Share purchase warrants

The continuity of share purchase warrants on a post-consolidation basis is as follows:

	Number of Warrants	Weighted Average Exercise Price	Expiry date	Remaining life (years)
Private placement	2,300,000	\$0.150	Dec. 23, 2012	-
Private placement	1,133,333	\$0.100	June 7, 2015	1.68
<b>Balance, January 1, 2012 (audited)</b>	<b>3,433,333</b>	<b>\$0.133</b>	-	-
Private placement	12,000,000	\$0.100	May 1, 2016	2.58
Broker warrants	32,000	\$0.222	May 1, 2013	-
Expired	(2,300,000)	\$0.150	-	-
<b>Balance, December 31, 2012 (audited)</b>	<b>13,165,333</b>	<b>\$0.100</b>	-	-
Expired	(32,000)	\$0.222	-	-
<b>Balance, September 30, 2013 (unaudited)</b>	<b>13,133,333</b>	<b>\$0.100</b>	-	<b>2.50</b>

#### e) Plan of arrangement – spin off (Note1)

Upon the completion of POA under the Business Corporation Act of British Columbia, after the Company received approval from its shareholders and the Supreme Court of British Columbia, the Company transferred the Kirkland-Lake Properties with book value of \$225,289 (Note 5) to KPM. The shareholders of the Company receive one KPM common share for every NVG common share held as of October 15, 2012. Option and warrant holders were allowed to exercise their options and warrants prior to the completion of the POA in order to participate in the POA. The transaction has been recorded as a reduction of share capital.

### 7. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2013, the Company entered into the following transactions with related parties.

#### Key Management personnel compensation

No remuneration was paid during the nine months ended September 30, 2013 and 2012 to any key management personnel. Instead, the Company pays a management fee and administrative charges, including the services of its key management personnel, to Mineral Hill Industries Ltd, a company listed on the TSX Venture, which has common directors and officers. During the nine months ended September 30, 2013, the Company incurred \$66,250 (2012: \$102,377) with respect to the foregoing.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 7. RELATED PARTY TRANSACTIONS (continued)

#### Other related party transactions

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

	September 30 2013 (Unaudited)	December 31 2012 (Audited)
Mineral Hill Industries Ltd. (in Accounts Payable)	\$ -	\$ 25,638
GMM Admin Corp.	786	786
	<b>\$ 786</b>	<b>\$ 26,424</b>

The amount outstanding due from related party was as follows:

	September 30 2013 (Unaudited)	December 31 2012 (Audited)
Kirkland Precious Metals Corp.	\$ 6,184	\$ 3,100
Global Environomic Systems Corp.	135	100
	<b>\$ 6,319</b>	<b>\$ 3,200</b>

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

During the nine months ended September 30, 2013, the Company entered into loan agreements with Merfin Management Limited ("Merfin"), a private company with a common director for loan totalling \$134,000. Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum.

During the nine months ended September 30, 2013, the Company

- (i) incurred a further \$5,440 (2012: \$7,069) in interest on the outstanding loans
- (ii) repaid a total of \$Nil (2012: \$324,526) in outstanding loans, including interest.

At September 30, 2013, the outstanding loan and accrued interest balance is \$139,440 (December 31, 2012: \$20,000).

	September 30 2013 (Unaudited)	December 31 2012 (Audited)
Loan payable	\$ 139,440	20,000
	<b>\$ 139,440</b>	<b>20,000</b>

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

---

### 8. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist of cash and equivalents, amounts receivable from related parties, accounts payable and amounts 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*

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 7.

#### *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.

#### *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.

# Nass Valley Gateway Ltd.

## Notes to the condensed interim consolidated financial statements

For the nine months ended September 30, 2013 and 2012

(Expressed in Canadian Dollars)

(Unaudited)

### 8. FINANCIAL INSTRUMENTS (continued)

#### Fair value measurements of financial assets and liabilities (continued)

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of September 30, 2013 as follows:

	Fair Value Measurements Using			September 30, 2013 (Unaudited)
	Level 1	Level 2	Level 3	
Cash and equivalents	\$ 8,053	–	–	\$ 8,053

### 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 nine months ended September 30, 2013. The Company is not subject to externally imposed capital requirements. The Company does not currently have adequate sources of capital to complete its exploration 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. SUPPLEMENTAL CASH FLOW DISCLOSURE

During the nine months ended September 30, 2013, the Company issued 33,333 common shares (2012: 50,000), valued at \$667 (2012: \$3,000) with respect to obligations under property option agreements with Golden Dawn Minerals Inc. (see also in Note 5).

### 11. SUBSEQUENT EVENT

Subsequent to September 30, 2013, the Company received a loan of \$9,500 from Merfin. The promissory note is unsecured and bears interest at 8.50% per annum.

## Schedule C

### Management Discussion and Analysis

Management Discussion and Analysis ("MD&A") is intended to help the reader understand the financial statements of Nass Valley Gateway Ltd. ("Nass Valley" or the "Company"). The information herein should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine months ended September 30, 2013 and 2012. The condensed interim consolidated financial statements for the nine months ended September 30, 2013 and 2012 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**

The recent and current global financial conditions are having a negative impact on the economic environment in which the Company operates. Access to public financing has significantly diminished for companies as a direct result. If the current conditions continue, the Company's ability to operate will be adversely impacted and the trading price of the Company's shares could continue to be under a downward pressure.

### **Highlights and Subsequent Events**

The following are highlights of events occurring during the nine months ended September 30, 2013 and subsequent thereto:

#### **Financing**

During the nine months ended September 30, 2013, the Company borrowed \$114,000 from Merfin Management Limited ("Merfin"). As at September 30, 2013, the balance of the loan from Merfin is \$139,440. Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum.

During the nine months ended September 30, 2013, the Company issued 33,333 common shares to Golden Dawn Minerals Inc, valued at \$667, pursuant to the acquisition agreement.

#### **Operations**

In March 2013, M-Wave EnviroTech Inc. ("MWE"), a subsidiary of the Company, successfully installed and tested its first M-Wave Unit ("BC01.01") within the premise of its joint venture partner Imperial Cedar Products Ltd. ("ICP"). Initial tests and pilot runs were successful in proving the MWE's claim that the M-Wave System is an environmentally-friendly drying technology for wood products compared to the traditional Kiln drying systems presently used within the industry.

Unfortunately, the first M-Wave Unit BC01.01 was destroyed on September 23<sup>rd</sup>, 2013 due to an accidental fire that occurred at the shingle production facility owned by ICP. MWE will presently not be able to continue the trial-runs of cedar shingles to prove the efficiency of the M-Wave System for custom drying of soft and hard wood products used in the housing construction industry. MWE had already initiated the design and delivery of enhancement parts for the BC01.01 unit in order to finalize the design for the next, more versatile M-Wave Unit, which would incorporate improvements to accommodate additional tests for painted shingles and, possibly, other M-Wave dried wood products within the wood construction industry.



## **Description of business and overall performance**

The Company was incorporated on October 25, 2005 under the British Columbia Business Corporation Act with the initial focus on the exploration and development of industrial mineral and precious metal properties. The Company became a reporting issuer on February 26, 2007 and the common shares of the Company were listed on the CNSX Stock Exchange 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 CNSX. 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 "3NV". 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 started also 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 its rights of its option to the Kirkland Lake exploration properties into its subsidiary Kirkland Precious Metals Corp. ("KPM") and completed a Spin-Off of KPM into a separate reporting exploration company via a Plan Arrangement.

### **Enviro-X System**

Nass Valley remains very active in marketing the Enviro-X System for its subsidiary Global Environomic Systems Corp. and is presently in serious negotiations with wood-waste producers for the installation of an Enviro-X Unit to convert wood waste into green commodities like Carbon Black and Bio Oil.

### **M-Wave System**

The M-Wave System is a superior, environmentally-friendly, drying technology for wood products compared to the traditional Kiln drying systems presently used within the industry. The Company's first M-Wave unit was installed in February 2012 by M-Wave System BC01 Inc. ("MWE-BC01") a subsidiary used as joint venture company between MWE and on a joint venture basis with Imperial Cedar Products Ltd ("ICP"). The first MWE-BC01 unit was be used for smaller production runs of cedar shingles and also as the Company's demonstration unit to prove the efficiency of the M-Wave System for custom drying of soft and possibly hard wood products used in the housing construction industry.

Unfortunately, the shingle production facility of MWE's joint venture partner ICP in Maple Ridge, British Columbia, Canada, where MWE's first pilot production unit was installed, burned down on September 23<sup>rd</sup>, 2013 and destroyed completely the M-Wave Mod BC01-01 drying unit (see Progress Reports of Feb. and Mar., 2013). MWE will presently not be able to continue the trial-runs of cedar shingles to prove the efficiency of the M-Wave System for custom drying of soft and hard wood products used in the housing construction industry.

Although the M-Wave Mod BC01-01 unit has proven that the technology works, the Company had initiated changes after the first few tests in order to improve the efficiency and scope of applications. The installation of these improvements was not completed before the fire destroyed the unit. As reported on April 8<sup>th</sup>, 2013, MWE had already instigated the design of the more versatile the M-Wave Mod BC01-02 unit, which will incorporate design enhancements to accommodate additional demand for M-Wave dried products.

Depending on ICP's capability to rebuild its destroyed facility an devote the necessary attention to the development of MWE-BC01, the joint venture, MWE's board may have to find other solutions to further its business in a prudent way.

**Results of operations****Nine months ended September 30, 2013 compared to the nine months ended September 30, 2012**

Net loss and comprehensive loss for the nine months ended September 30, 2013 amounted to \$154,382 (loss per share - \$0.01) compared to \$229,445 (loss per share - \$0.01) in the previous year. As the Company is still in the exploration stage, no revenue was generated. The decrease in loss of \$75,063 was mainly due to:

- (i) A decrease of \$36,127 in administrative services from \$102,377 in 2012 to \$66,250 in 2013 due to one officer resigned from Mineral Hill Industries Ltd. in 2013, therefore less administrative expenses was allocated to the Company;
- (ii) a decrease of \$1,470 in interest expenses from \$7,339 in 2012 to \$5,869 in 2013 due to repayment of loan \$300,000 to Merfin Management Ltd. in 2012, and in 2013 less interest was accrued due to most of the new loan was borrowed after June, 2013;
- (iii) a decrease of \$1,574 from \$11,281 in 2012 to \$9,707 in 2013 due to reducing monthly consulting fee regarding investor relation services;
- (iv) a decrease in professional fees \$44,489 from \$58,789 in 2012 to \$14,300 in 2013 mainly due to legal fees incurred in 2012 regarding spin-off transaction and no such expenses in the period ended September 30, 2013;
- (v) an increase in share based payments \$14,783 from \$14,669 in 2012 to \$29,452 in 2013 mainly due to 830,000 stock options were granted in the period ended September 30, 2013;
- (vi) a decrease of transfer agent and filing fees \$14,051 from \$20,352 in 2012 to \$6,301 in 2013 mainly due to transfer agent fees in 2012 regarding consolidation of shares and no such expenses in the period ended September 30, 2013; and
- (vii) an increase of \$17,403 in wages and salaries from \$Nil in 2012 to \$17,403 in 2013 mainly due to a new officer was hired in April 2013.

**Selected annual information**

	<b>December 31, 2012</b>	<b>December 31, 2011</b>	<b>December 31, 2010</b>
	\$	\$	
Total revenues	-	-	-
General and administrative	347,053	240,243	267,199
Loss for the year	(340,249)	(944,336)	(267,199)
Loss per share – basic	(0.02)	(0.08)	(0.02)
Loss per share – diluted	(0.02)	(0.08)	(0.02)
Total assets	29,441	216,834	862,522
Total long –term liabilities	-	299,087	61,563
Shareholder's equity (deficiency)	(64,826)	(140,977)	742,258
Cash dividends declared - per share	-	-	-

**Selected quarterly information**

Three months ended	Sep 30 2013	June 30 2013	Mar 31 2013	Dec 31 2012	Sep 30 2012	June 30 2012	Mar 31 2012	Dec 31 2011
Total assets	18,471	52,117	23,280	\$ 29,441	\$ 252,703	\$ 364,847	\$ 282,739	\$ 216,834
Exploration and evaluation assets	-	-	-	-	225,289	209,387	209,387	198,887
Working capital (deficiency)	(192,089)	(156,248)	(99,853)	(67,826)	(2,843)	108,039	3,143	(43,777)
Shareholders' equity	(189,089)	(153,648)	(96,853)	(64,826)	225,446	320,426	159,003	(140,977)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(65,293)	(56,395)	(32,694)	(110,804)	(99,925)	(71,981)	(57,539)	(744,382)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)	(0.06)

**Second Quarter Result**

During the quarter ended September 30, 2013, the Company incurred a loss of \$65,293 compared to a loss of \$99,925 for the comparative period. The decrease in net loss is attributable to the decrease in operational activities.

Significant movements in operating and administrative expenses for the three-month period ended September 30, 2013 include administrative services of \$17,125 (2012 - \$51,960), loan interest of \$3,080 (2012 - \$53), investor relations of \$3,338 (2012 - \$3,562), professional fees of \$Nil (2012 - \$27,769), share based payments of \$29,452 (2012 - \$4,945), transfer agent and filing fees of \$2,678 (2012 - \$4,274), and wages and salaries of \$9,303 (2012 - \$Nil).

**Liquidity**

The Company's working capital and deficit positions mostly caused by the Company's past mining exploration undertakings at September 30, 2013 and December 31, 2012 were as follows:

	September 30 2013	December 31 2012
Working capital (deficiency)	\$ (192,089)	\$ (67,826)
Deficit	3,043,108	2,888,726

The cash positions at September 30, 2013 and December 31, 2012 were \$8,053 and \$7,853 respectively.

The Company's improvements to its financial conditions are contingent upon management being able to raise additional funds to complete the manufacture of the energy conversion units and commercializing M-Wave Systems. 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 feedstock used by its technology systems. 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 if it is not able to sell any of its technology systems. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms. The Company anticipates that it will need additional capital in the future to finance ongoing operations and development, such capital to be derived from pre-sales of its technology systems, 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 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 months, the securities markets in the world and in Canada have experienced high volatility in price and volume and junior companies, especially, have experienced unprecedented declines 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 September 30, 2013, the Company had a share capital of \$2,532,566 (December 31, 2012: \$2,531,899), representing 24,417,083 (December 31, 2012: 24,383,750) common shares without par value, and an accumulated deficit of \$3,043,108 (December 31, 2012: \$2,888,726). The shareholder's equity amounted to \$(189,089) (December 31, 2012: \$(64,826)).

### **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 years ended December 31, 2012 and 2011 and its prospectus filed February 26, 2007, which are available on SEDAR at [www.Sedar.com](http://www.Sedar.com)

### **Related party transactions**

During the nine months ended September 30, 2013, the Company entered into the following transactions with related parties.

#### **Key Management personnel compensation**

No remuneration was paid during the nine months ended September 30, 2013 and 2012 to any key management personnel. Instead, the Company shares a management fee and administrative charges, including the services of its key management personnel, to Mineral Hill Industries Ltd, a company listed on the TSX Venture, which has common directors, officers and management including office space .

During the nine months ended September 30, 2013, the Company incurred \$66,250 (2012: \$102,377) with respect to the foregoing.

**NASS VALLEY GATEWAY LTD.****Form 51-102F1****Management's Discussion and Analysis of Financial Results****For the nine months ended September 30, 2013****Containing information up to and including November 15, 2013****Other related party transactions**

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

	<b>September 30 2013</b>	<b>December 31 2012</b>
Mineral Hill Industries Ltd.	-	25,638
GMM Admin Corp.	786	786
	<b>\$ 786</b>	<b>\$ 26,424</b>

The amount outstanding due from related party was as follows:

	<b>September 30 2013</b>	<b>December 31 2012</b>
Kirkland Precious Metals Corp.	6,184	3,100
Global Environomic Systems Corp.	135	100
	<b>6,319</b>	<b>3,200</b>

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**

During the nine months ended September 30, 2013, the Company entered into loan agreements with Merfin Management Limited ("Merfin"), a private company with a common director and president for loan totaling \$134,000. Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum.

During the nine months ended September 30, 2013, the Company:

- (i) accrued a further \$5,440 (2012: \$5,439) in interest on the outstanding loans
- (ii) repaid a total of \$Nil (2012:\$324,526) in outstanding loans, including interest.

At September 30, 2013, the outstanding loan and accrued interest balance is \$139,440 (December 31, 2012:\$ 20,000).

	<b>September 30 2013</b>	<b>December 31 2012</b>
Loan payable	<b>\$ 139,440</b>	20,000
	<b>\$ 139,440</b>	<b>20,000</b>

**Directors and Officers**

Dieter Peter	President, CEO and Director (Mineral Hill Industries Ltd)
Melvin Stevens	Director
Andrew von Kursell	Director (Mineral Hill Industries Ltd)
Peng Zhang	Director (appointed on May 15, 2012)
John Patrick Copeland	Director (appointed on June 29, 2012)
Michael Zhu	Chief Financial Officer (Mineral Hill Industries Ltd)
Mike Kelm	Corporate Secretary (appointed on September 30, 2013)

**Outstanding share data as at November 15, 2013:**

	Number outstanding	Exercise Price	Expiry Date
Common shares	24,417,083		
<b>Common shares issuable on exercise:</b>			
Stock options	1,343,320	\$0.10	November 8, 2015
Stock options	20,000	\$0.10	August 28, 2015
Stock options	810,000	\$0.10	September 30, 2015
Warrants	1,133,333	\$0.10	June 7, 2015
Warrants	12,000,000	\$0.10	May 1, 2016

**Future Developments**

The Company will now focus solely on the development of its technology projects to generate a cash flow and will also seek financing with its business alliance partners for its projects.

**Risks and Uncertainties**

As Nass Valley is engaged in advanced technology projects, the Company's financial success will be dependent upon the successful development and commercialization of its Enviro-X and M-Wave Systems. These activities involve significant risks which may not be eliminated even with 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:

- The demand of environmentally friendly products can be dependent on global consumption and economy;
- No assurance about the economic viability, it is speculative;
- The viability of environmentally-friendly technologies is subject to different interpretations that could affect the success of any development program;
- The development of the business will require substantial additional financing. Development funds can be restricted by unexpected economic conditions such which are beyond the Company's control;
- An increasing competition to adapt similar systems throughout the world;
- The emergence of more advanced technology causing the obsolescence of the Company's technology;
- The rights to intellectual properties must be maintained in accordance with various regulations and agreements;
- Additional costs can be incurred such as availability of experts, work force and equipment;
- Additional expenditures will be required to establish permits and patents;
- There can be no assurance that the business plan will succeed in whole or in part;
- The Company is exposed to some seasonality risk due to factors including, but not limited to, the seasonality of construction industry.

**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 estimated are based on historical information and accordingly cannot be relied upon to predict the future behavior. These estimates are set out in Note 6(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

## **Financial instruments**

The Company's financial instruments consist of cash, 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 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 7 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.

## **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.

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 November 15, 2013.

"Dieter Peter"

On behalf of the Board  
Dieter Peter  
Chief Executive Officer  
November 15, 2013