

Management Discussion and Analysis ("MD&A") is intended to help the reader understand the financial statements of Nass Valley Gateway Ltd. ("NVG" or the "Company"). The information herein should be read in conjunction with the audited consolidated financial statements for the three months ended March 31, 2015 and 2014. The condensed interim consolidated financial statements for the three months ended March 31, 2015 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](http://www.sedar.com) ("Sedar") and to review general information.

### **Current market conditions**

The current global financial conditions for junior companies are still 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 three months ended March 31, 2015 and subsequent thereto:

#### **Financing**

During the three months ended March 31, 2015, the Company borrowed \$14,500 from Merfin Management Limited ("Merfin"). As at March 31, 2015, the balance of the cash advances from Merfin is \$104,941. Under the terms of agreements, the amount is unsecured and bears interest at 8.50% per annum.

On October 15, 2014 the Company moved its office to 1140-13700 Mayfield Place, Richmond, BC subleasing space from Mineral Hill Industries Ltd.

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

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

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

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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.

Nass Valley announced in a news release issued on October 16, 2014, that it had entered into a letter agreement granting the Company the exclusive right to acquire a corporation actively involved in the medicinal cannabis industry. The LOI which was subject to a "Due Diligence Period" was extended past the original date of December 04, 2014 to allow the financiers additional time to raise the agreed upon financing. The LOI was terminated on Feb 10, 2015 but the Company remains still open to a viable opportunity within that business sector.

**Enviro-X System**

At the present time 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**

As the Company's pilot drying unit based on the M-Wave System was totally destroyed due a disastrous fire in September 2013, the company decided to dissolve all existing joint venture partnerships and keep the subsidiary for the time being as a non-active entity which may at one point entirely be dissolved.

**Results of operations****The three Months ended March 31, 2015 compared to three Months ended March 31, 2014**

Net loss and comprehensive loss for the three months ended March 31, 2015 amounted to \$12,515 (loss per share - \$0.00) compared to \$27,566 (loss per share - \$0.00) in the previous year. As the Company is still in the exploration stage, no revenue was generated. The decrease in loss of \$15,051 was mainly due to:

- (i) a decrease in administrative services of \$13,322 from expenses of \$5,833 in 2014 to a recovery of expenses of \$7,500 due to the shared cost of the salary of the Corporate Secretary.
- (ii) a decrease of \$1,556 in interest expenses from \$3,566 in 2014 to \$2,010 due to the Company settling part of the debt to Merfin with its common shares in 2014;
- (iii) a decrease in share based payments \$1,840 from \$1,840 in 2014 to \$Nil due to all of stock options granted in 2013 having vested;

**Selected annual information**

	Years Ended December 31		
	2014	2013	2012
	\$	\$	\$
Total revenues	-	-	-
General and administrative	120,246	198,495	347,053
Loss for the year	(139,171)	(198,495)	(340,249)
Loss per share – basic	(0.01)	(0.01)	(0.02)

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Loss per share – diluted	(0.01)	(0.01)	(0.02)
Total assets	23,827	18,941	29,441
Total long –term liabilities	-	-	-
Shareholders' deficiency	(120,814)	(231,297)	(64,826)
Cash dividends declared - per share	-	-	-

**Selected quarterly information**

Three months ended	2015	2014				2013		
	Mar 31 2015	Dec 31 2014	Sep 30 2014	June 30 2014	Mar 31 2014	Dec 31 2013	Sep 30 2013	June 30 2013
Total assets	27,068	\$23,827	\$40,078	\$34,826	\$27,090	\$ 18,941	\$ 18,471	\$ 52,117
Working capital (deficiency)	(136,329)	(123,814)	(305,397)	(285,252)	(246,911)	(234,297)	(192,089)	(156,248)
Shareholders' deficiency	(133,329)	(120,814)	(302,397)	(282,252)	(243,911)	(231,297)	(189,089)	(153,648)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(12,515)	(52,226)	(20,696)	(38,683)	(27,566)	(44,113)	(65,293)	(56,395)
Earnings (loss) per share	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)

**Liquidity**

The Company's working capital and deficit positions at March 31, 2015 and March 31, 2014 were as follows:

	March 31 2015	December 31 2014
Working capital (deficiency)	\$ (136,329)	\$ (123,814)
Deficit	\$ 3,238,906	\$ 3,226,392

The cash positions at March 31, 2015 and 2014 were \$8,607 and \$5,518 respectively.

The Company's financial condition is contingent upon management being able to raise additional funds to complete the manufacture of the energy conversion units. While the Company will seek to maximize recoveries and reduce operating costs, estimates and assumptions influencing these parameters at the feasibility stage may prove incorrect. Incorrect assumptions may result in material differences between estimated and actual results. The Company has no way to predict the future price of the commodities. As a result, revenue derived from future operations, if any, will be impacted.

The Company has historically relied upon equity financings and loans from related parties to satisfy its capital requirements and will continue to depend heavily upon equity capital to finance its activities. There can be no assurance the Company will be able to obtain required financing in the future on acceptable terms. The Company 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 months, the securities markets in the world and in Canada have experienced high volatility in price and volume and companies, particularly in the development stage, have unprecedented decline in their share prices which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in the Company's share prices will not occur or that these fluctuations will not affect the ability of the Company to raise equity funding, and if at all, without causing a significant dilution to its existing shareholders. Any quoted market for the common shares may be subject to market trends generally, notwithstanding any potential success of the Company in creating revenue, cash flows or earnings.

### **Capital resources**

At March 31, 2015 the Company had a share capital of \$2,769,580 (March 31, 2014: \$2,545,678), representing 27,346,977 (March 31, 2014: 24,548,202) common shares without par value, and an accumulated deficit of \$3,238,907 (March 31, 2014: \$3,114,787). The shareholder's deficiency amounted to \$133,329 (March 31, 2014: \$244,311).

### **Additional disclosure for venture issuers without significant revenue**

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Statement of Operations, Comprehensive Loss and Deficit included in its condensed interim consolidated financial statements for the three months ended March 31, 2015 and 2014 which are available on SEDAR at [www.Sedar.com](http://www.Sedar.com).

### **Related party transactions**

During the three months ended March 31, 2015 the Company entered into the following transactions with related parties.

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

No remuneration was paid during the three months ended March 31, 2015 and 2014 to any key management personnel except the salary to the Corporate Secretary whose salary is shared in equal parts with Mineral Hill Industries Ltd. and Kirkland Precious Metals Corp., companies with common directors and officers.

#### **Other related party transactions**

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

	<b>March 31</b>	<b>Dec 31</b>
	<b>2014</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Balances		
Due to related parties:		
Merfin Management Limited ("Merfin") (see below)	<b>104,941</b>	<b>88,455</b>
Mineral Hill Industries	<b>225</b>	<b>225</b>
	<b>105,166</b>	<b>88,680</b>
Due from related parties:		
Kirkland Precious Metals Corp.	<b>(5,904)</b>	<b>(5,904)</b>
Global Environment Systems Corp.	<b>(135)</b>	<b>(135)</b>
	<b>(6,039)</b>	<b>(6,039)</b>

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Amounts outstanding to related parties included in accounts payable		
Mineral Hill Industries	2,107	1,788
Dieter Peter (Chief Executive Officer)	-	-
	<b>2,107</b>	<b>1,788</b>

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

**Advances from related party**

As at March 31, 2015, the Company has a loan payable in the amount of \$104,941 (2014 - \$187,614) to Merfin, a private company with a common director. The loan is unsecured, bears interest at 8.50% per annum and is due on demand. During the three months ended March 31, 2015, the Company incurred interest of \$1,987 (2014 - \$3,615) on the outstanding loan. The reduction of the loan amount is due to the Company settling \$195,000 of its debt by issuing 2,437,500 common shares, at a fair value of \$0.08 per share on December 29, 2014.

In addition, the Company also settled the loan payable to Mineral Hill Industries Ltd. in the amount of \$25,000 by issuing 312,500 common shares, at a fair value of \$0.08 per share (see also Note 6).

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

**Off Balance Sheet Arrangements**

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

**Directors and Officers**

Dieter Peter	President, Chief Executive Officer and Director (Mineral Hill Industries Ltd)
Melvin Stevens	Director
Andrew von Kursell	Interim Chief Financial Officer and Director (Mineral Hill Industries Ltd)
John Patrick Copeland	Director (deceased Mar 15, 2015)
Eric Peter-Kaiser	Director (appointed Apr 24, 2015)
Mike Kelm	Corporate Secretary (appointed on September 30, 2013)

**Outstanding share data as at May 28, 2015:**

	Number outstanding	Exercise Price	Expiry Date
Common shares	27,346,977		
<b>Common shares issuable on exercise:</b>			
Stock options	488,329	\$0.10	November 8, 2015
Stock options	20,000	\$0.10	August 28, 2015
Stock options	670,000	\$0.10	September 30, 2015
Stock options <sup>(1)</sup>	601,000	\$0.10	Apr 28, 2018
Warrants	1,133,333	\$0.10	June 7, 2015
Warrants	12,000,000	\$0.10	May 1, 2017
Warrants	1,363,042	\$0.10	Jul 19, 2019

(1) options were granted on April 28, 2015

### **Future Developments**

The Company will now focus on pursuing the development of its technology projects to generate a cash flow and will also seek financing with its business alliance partners for its projects. Although open to new financeable tech-projects, the Company's primary focus will be the further development and intensified marketing efforts of its Enviro-X System.

### **Risks and Uncertainties**

The Company is engaged in advanced technology projects. The Company's financial success will be dependent upon the successful development and commercialization of its "Green-Technology" 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 environmental 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 that are beyond the Company's control;
- An increasing competition to adapt similar systems throughout the world;
- The emergence of more advanced technology causing the Company's technology to become obsolete;
- 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 estimates 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

(iv) *Exploration and Evaluation Assets*

The estimated value of exploration and evaluation costs which is included in the consolidated statement of financial position. 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.

## **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.

## **Changes in Accounting Policies**

The Company adopted the following accounting policies effective January 1, 2013:

IFRS 7 – Financial Instruments: Disclosures, 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. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 10, Consolidated Financial Statements, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. IFRS 10 replaced SIC-12, Consolidation-Special Purpose Entities, and parts of IAS 27, Consolidated and Separate Financial Statements. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 11, Joint Arrangements, 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 and SIC-13 Jointly Controlled Entities - Non-monetary Contributions by Venturers. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. The adoption of this IFRS did not impact the Company's consolidated financial statements.

IFRS 13, Fair Value Measurement, is a comprehensive standard for fair value measurement and disclosure 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. The adoption of this IFRS did not require any adjustments to the valuation techniques used by the Company to measure fair value and did not result in any measurement adjustments as at January 1, 2013.

IAS 1, Presentation of Financial Statements, has been amended to require entities to separate items presented in other comprehensive income ("OCI") into two groups, based on whether or not items may be recycled to net income in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately including prior year comparatives. The adoption of this IFRS did not impact the Company's consolidated financial statements.

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. The Company applied this new standard in the consolidated financial statements.

The following standard will be effective for annual periods beginning on or after January 1, 2014:

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

**IAS 36 *Impairment of Assets*** - In May 2013, the IASB issued amendments to IAS 36 which restricts the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. The amendments also expand and clarify the disclosure requirements applicable when an asset or CGU's recoverable amount has been determined on the basis of fair value less cost of disposal. The amendments are effective for annual periods beginning on or after January 1, 2014 and should be applied retrospectively.

**IAS 39 *Financial Instruments: Recognition and Measurement*** - In June 2013, the IASB issued a narrow scope amendment to IAS 39. Under the amendment, there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided that certain criteria are met.

**IFRIC 21 *Levies*** - In May 2013, the IASB issued IFRIC 21, an interpretation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37"), on the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past activity or event ("obligating event") described in the relevant legislation that triggers the payment of the levy. IFRIC 21 is effective for annual periods commencing on or after January 1, 2014.

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

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



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

### **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 May 28, 2015.

*"Dieter Peter"*

On behalf of the Board

Dieter Peter

Chief Executive Officer

May 28, 2015