

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

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 23rd, 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 23rd, 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 8th, 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

	December 31, 2012	December 31, 2011	December 31, 2010
	\$	\$	
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

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.

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

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

The amount outstanding due from related party was as follows:

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

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).

	September 30 2013	December 31 2012
Loan payable	\$ 139,440	20,000
	\$ 139,440	20,000

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		
Common shares issuable on exercise:			
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.

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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