NASS VALLEY GATEWAY LTD.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

SEPTEMBER 30, 2012 and 2011

(Expressed in Canadian Dollars)

(Unaudited)

NASS VALLEY GATEWAY LTD.

Contents

Nass Valley Gateway Ltd.
Condensed interim consolidated statements of financial position
(Expressed in Canadian Dollars)

	September 30 2012 (Unaudited)	December 31 2011 (Audited)
	$	$
ASSETS		
Current assets		
Cash and equivalents (Note 4)	**6,302**	6,155
Amounts receivable	**9,673**	3,852
Prepaid expenses	**6,982**	4,940
Due from related party (Note 8)	**1,457**	-
	24,414	14,947
Non current assets		
Reclamation bond	**3,000**	3,000
Exploration and evaluation assets (Note 5)	**225,289**	198,887
Total Assets	**252,703**	216,834
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**19,667**	24,937
Due to related parties (Note 8)	**7,590**	33,787
	27,257	58,724
Non-current liabilities		
Loans repayable to related party	**-**	299,087
	27,257	357,811
Shareholders' equity		
Controlling interest		
Share capital (Note 7)	**2,757,188**	2,162,665
Share subscriptions	**-**	15,000
Share based payment reserve	**245,780**	229,835
Deficit	**(2,777,922)**	(2,548,477)
	225,046	(140,977)
Non-controlling interest (Note 1)	**400**	-
	225,446	(140,977)
Total Liabilities and Shareholders' Equity	**252,703**	216,834

Commitment (Note 5(ii))
Subsequent Events (Note 12)

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 27, 2012 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 2012	2011	For the nine months ended September 30 2012	2011
Revenue	$ -	$ -	$ -	$ -
Expenses				
Accounting and legal	27,769	-	58,789	20,354
Amortization	-	-	-	2,556
Administrative services	51,960	27,250	102,377	80,414
Insurance	2,708	3,201	7,649	8,912
Loan interest expenses and bank charges	53	5,169	7,339	31,502
Investor relations	3,562	3,335	11,281	4,454
Information technology services	-	37	1,093	4,213
Office expenses	3,692	469	4,637	2,338
Share based payments	4,945	3,212	14,669	13,799
Transfer agent and filing fees	4,274	1,101	20,352	9,762
Travel and promotion	962	1,463	1,259	7,643
Loss before other expenses	(99,925)	(45,237)	(229,445)	(185,947)
Other expenses				
Impairment of amount receivable	-	(14,007)	-	(14,007)
Net loss and comprehensive loss	(99,925)	(59,244)	(229,445)	(199,954)
Net loss and comprehensive loss attributable to:				
Controlling interest	(99,925)	(59,244)	(229,445)	(199,954)
Non-controlling interest (Note 1)	-	-	-	-
	(99,925)	(59,244)	(229,445)	(199,954)
Net loss per share, basic and diluted	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.02)
Weighted average number of shares outstanding	24,383,750	12,333,750	19,292,692	12,296,296

(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
For the nine months ended September 30, 2012 and 2011
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30 2012	2011	Nine months ended September 30 2012	2011
Cash flows from operating activities				
Net loss for the period	$ (99,925)	$ (59,244)	$ (229,445)	$ (199,954)
Items not affecting cash:				
Amortization	-	-	-	2,556
Stock-based compensation	8,345	3,212	18,068	13,799
Bonus on loans	-	-	-	18,750
Write off of receivables from related parties	-	-	-	14,007
Accrued interest	-	5,186	5,437	12,512
Changes in non-cash working capital items:				
Decrease (increase) in amounts receivable	(2,144)	2,960	(5,821)	7,033
Decrease (increase) in prepaid expenses and deposit	2,710	(6,489)	(2,040)	(3,778)
Increase (decrease) in accounts payable and accrued liabilities	1,187	1,468	(5,270)	18,430
Increase in accounts payable to related parties	(19,808)	11,846	(27,654)	(11,896)
	(109,635)	(41,061)	(246,725)	(128,541)
Cash flows from financing activities				
Proceeds from issuance of share capital (Note 7(b))	-	-	577,800	-
Proceeds (repayments) of loan from related parties (Note 8)	-	15,000	(304,526)	200,000
	-	15,000	273,274	200,000
Cash flows from investing activities				
Acquisition of equipment	-	-	-	(485)
Mineral property payments	-	-	-	(40,000)
Deferred exploration costs (Note 5)	(18,902)	-	(26,402)	(25,137)
	(18,902)	-	(26,402)	(65,622)
Increase/(decrease) in cash and equivalents	(128,537)	(26,061)	147	5,837
Cash and equivalents, beginning of the period	134,839	41,046	6,155	9,148
Cash and equivalents, end of the period	$ 6,302	$ 14,985	$ 6,302	$ 14,985
Supplemental cash flow disclosures: (Note 11)				
Taxes paid	-	-	-	-
Interest paid	-	-	13,983	-

(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, 2012 and 2011
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital							
	Number of shares	Amount	Share Subscription	Share based payment reserve	Deficit	Total	Non-controlling interest (Note 1)	Total shareholders' equity
		$	$	$	$	$	$	$
Balance, January 1, 2011 (audited)	**12,175,417**	**2,137,415**	**-**	**208,984**	**(1,604,141)**	**742,258**	**-**	**742,258**
Property option	33,333	6,500	-	-	-	6,500	-	6,500
Bonus shares on loans	125,000	18,750	-	-	-	18,750	-	18,750
Share based payment	-	-	-	13,799	-	13,799	-	13,799
Comprehensive loss for the period	-	-	-	-	(199,954)	(199,954)	-	(199,954)
Balance, September 30, 2011 (unaudited)	**12,333,750**	**2,162,665**	**-**	**222,783**	**(1,804,095)**	**581,353**	**-**	**581,353**
Balance, January 1, 2012 (audited)	**12,333,750**	**2,162,665**	**15,000**	**229,835**	**(2,548,477)**	**(140,977)**	**-**	**(140,977)**
Property option	50,000	3,000	-	-	-	3,000	-	3,000
Private placement, net	12,000,000	591,523	(15,000)	-	-	576,523	-	576,523
Share based payment	-	-	-	15,945	-	15,945	-	15,945
Non-controlling interest in subsidiary	-	-	-	-	-	-	400	400
Comprehensive loss for the period	-	-	-	-	(229,445)	(229,445)	-	(229,445)
Balance, September 30, 2012 (unaudited)	**24,383,750**	**2,757,188**	**-**	**245,780**	**(2,777,922)**	**225,046**	**400**	**225,446**

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

1. NATURE AND CONTINUANCE OF OPERATIONS

The Company is incorporated under the laws of British Columbia, Canada and its principal business activities include the acquisition and exploration of mineral properties in Ontario, Canada. The Company's shares are listed on the Canadian Stock Exchange ("CNSX") trading under the symbol "NVG". The registered office and principal business address of the Company is 10th Floor, 595 Howe Street, Vancouver, V6C 2T5, British Columbia.

The Company is in the process of exploring and evaluation its exploration assets and has not yet determined whether these assets contain reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets and related deferred exploration costs is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and upon future profitable production. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure the continuation of the Company's operations and exploration programs. To the extent financing is not available, lease payments, rental payments, and other payments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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") in which the Company and Vixon each holds 60% and 40% ownership interest respectively. The Company will be the operator in this project. During the nine months ended September 30, 2012, there were no material changes with respect to MWE since incorporation on July 15, 2010, except for common shares issuance to the Company and Vixon according to interest holding stated in the joint venture agreement.

On August 27, 2012, the Company entered into an arrangement agreement with its wholly subsidiary, Kirkland Precious Metals Corp. ("KPM") to proceed with a Plan of Arrangement ("POA"), which will involve the divestiture or spin-off of all the Company's rights to mineral claims within the Kirkland Lake area (see also Note 12). The Company will focus on its technology ventures in the multi-wave drying technology and energy-to-waste technology. This strategy will enable the Company to spin off and divest its interest into KPM, which will be primarily focusing on exploration and mining.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, and accordingly, do not purport to give effect to adjustments which may be required should the Company be unable to achieve the objectives above as a going concern. The net realizable value of the Company's assets may be materially less than the amounts recorded in these consolidated financial statements should the Company be unable to realize its assets and discharge its liabilities in the normal course of business. At September 30, 2012, the Company had an accumulated deficit of $2,777,922 which has been funded primarily by the issuance of equity and loans from related parties. Ongoing operations of the Company are dependent upon its ability to receive continued financial support, complete public equity financings, or generate profitable operations in the future.

Basis of measurement and preparation

These 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 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.

1. NATURE AND CONTINUANCE OF OPERATIONS (continued)

Basis of measurement and preparation (continued)

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

The 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.

2. SIGNIFICANT ACCOUNTING POLICIES

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements for the year ended December 31, 2011 except for those described below.

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 in the circumstances, the results of which form the basis of 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.

These 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 revision and further periods if the review affects both current and future periods.

There are no judgements made by management in the application of IFRS that have a significant effect on the financial statements and no estimates were made by management with a significant risk of material adjustment in the next year.

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Global Environomic Systems Corp., Kirkland Precious Metals Corp. and Nass Energy Inc., and 60% owned joint venture MWE. All significant inter-company balances and transactions have been eliminated upon consolidation.

b) Significant accounting judgements and estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Actual results could differ materially from those reported.

Significant assumptions about the future and other sources of judgements and estimates that management has made at the statement of financial position date, that could result in material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, related to, but not limited to, the following:

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Significant accounting judgements and estimates (continued)

- 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 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.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments, related to, but not limited to the maximum useful life of equipment is 5 years.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED

Amendments to IAS 1 Presentation of Financial Statements
The IASB has amended IAS 1 to require entities to separate items presented in other comprehensive income (“OCI”) into two groups, based on whether or not items may be reclassified into profit or loss 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. The amendment is effective for annual periods beginning on or after July 1, 2012 with earlier application permitted. The Company does not expect a material impact as a result of the amendment.

New accounting standards effective January 1, 2013, unless otherwise noted. 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.

IFRS 9 “Financial Instruments
The result of the first phase of the IASB’s project to replace IAS 39, “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. In December 2011, the IASB extended the mandatory effective date to on or after January 1, 2015 with early adoption permitted. As a result, there were amendments to IAS 32 Financial Instruments – Presentation to clarify the offsetting between financial assets and liabilities, which are mandatory effective on or after January 1, 2014.

IFRS 10 “Consolidated Financial Statements”
Replaces Standing Interpretations Committee 12, “Consolidation – Special Purpose Entities” and the consolidation requirements of IAS 27 “Consolidated and Separate Financial Statements”. The new standard replaces the existing risk and a reward based approaches and establishes control as the determining factor when determining whether an interest in another entity should be included in the consolidated financial statements.

IFRS 11 “Joint Arrangements”
Replaces IAS 31 “Interests in Joint Ventures”. The new standard focuses on the rights and obligations of an arrangement, rather than its legal form. The standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted.

3. ACCOUNTING STANDARDS ISSUED BUT NOT YET IMPLEMENTED (continued)

IFRS 12 "Disclosure of Interests in Other Entities"
Provides comprehensive disclosure requirements on interests in other entities, including joint arrangements, associates, and special purpose vehicles. The new disclosures require information that will assist financial statement users in evaluating the nature, risks and financial effects of an entity's interest in subsidiaries and joint arrangements.

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 is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

4. CASH AND EQUIVALENT

	September 30, 2012	December 31, 2011
Bank	**1,302**	1,155
Term deposit	**5,000**	5,000
	6,302	6,155

5. EXPLORATION AND EVALUATION ASSETS

	Nass Bay Project $	**Kirkland Lake** $	**Total** $
Balance, 1 January 2011 (audited)			
Acquisition costs	**-**	**95,500**	**95,500**
Deferred exploration costs	**690,086**	**31,750**	**721,836**
	690,086	**127,250**	**817,336**
Changes during 2011			
Acquisition costs	-	46,500	46,500
Deferred exploration costs	-	25,137	25,137
Impairment of deferred Exploration costs	(690,086)	-	(690,086)
	-	71,637	(617,449)
Balance, December 31, 2011 (audited)			
Acquisition costs	**-**	**142,000**	**142,000**
Deferred Exploration costs	**-**	**56,887**	**56,887**
	-	**198,887**	**198,887**
Changes during 2012			
Acquisition costs	-	3,000	3,000
Deferred Exploration costs	-	23,402	23,402
	-	26,402	26,402
Balance, September 30, 2012 (unaudited)			
Acquisition costs	**-**	**145,000**	**145,000**
Deferred Exploration costs	**-**	**80,289**	**80,289**
	-	**225,289**	**225,289**

5. EXPLORATION AND EVALUATION ASSETS (continued)

(i) Nass Bay Project, British Columbia

The Nass Bay project is a construction aggregate project and comprised of staked Crown owned mineral claims initially staked for export possibilities of construction aggregates. These staked claims are on crown lands and adjoin the boundary of the Nisga'a Lands. Because of the economic situation and declining demand for construction aggregates for export purposes, the Company let the Claims expire, and may restake them. The claims are conventional mineral tenures which are 100% owned by the Company.

During the year ended December 31, 2011, the Company determined that the deferred exploration costs of $690,086, capitalized under the project, should be impaired and charged the amount to operations.

(ii) Kirkland Lake Project, Ontario

Effective on February 1, 2010, the Company entered into an acquisition agreement (the "Agreement") with Golden Dawn Minerals Inc. 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 Terry Link 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 the 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)	-
		118,000	50,000

(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
	150,000

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 Golden Dawn Minerals Inc. pursuant to the Agreement.

During the nine months ended September 30, 2012, the Company

(i) issued 50,000 shares to Golden Dawn Minerals Inc., valued at $3,000 pursuant to the Agreement (Note 8);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 September 30, 2012(December 31, 2011: $56,887).

5. MINERAL PROPERTY AND DEFERRED EXPLORATION COSTS (Continued)

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

	September 30 2012 (unaudited)	December 31 2011 (audited)
	$	$
Consulting	**1,500**	1,500
Contracted services	**21,000**	13,500
Fieldwork	**41,652**	25,750
Reports, drafting and maps	**16,137**	16,137
Capitalized deferred exploration costs	**80,289**	56,887

6. EQUIPMENT

	Furniture & Equipment	**Leasehold Improvements**	**TOTAL**
	$	$	$
Balance - January 1, 2011 (audited)			
Cost	3,830	2,260	6,090
Accumulated amortization	(2,457)	(1,562)	(4,019)
	1,373	**698**	**2,071**
Movements- year ended December 31, 2011			
Additions	485	-	485
Amortization	(1,858)	(698)	(2,556)
	(1,373)	(698)	(2,071)
Balance - December 31, 2011 (audited) and September 30, 2012 (unaudited)			
Cost	4,315	2,260	6,575
Accumulated amortization	(4,315)	(2,260)	(6,575)
	-	-	-

7. SHARE CAPITAL

a) Authorized share capital

At September 30, 2012, 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 April 23, 2012, the Company received subscription of 12,000,000 million units for total proceeds amounting to $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.

7. SHARE CAPITAL (continued)

b) Issue of common shares (continued)

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.

On February 28, 2012, the Company issued 50,000 (post-consolidated units) common shares, valued at $3,000 to Golden Dawn Minerals Inc. pursuant to the acquisition agreement in Note 5(ii) and Note 8.

During the year ended December 31, 2011

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

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 first anniversary of the grant date. Stock options granted to employees vest at a rate of 50% on the first anniversary of the grant date and the balance on the second anniversary of the grant date.

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

Expiry Date	Exercise Price $	December 31 2011 (audited)	Issued	Expired/ Forfeited	Cancelled	September 30 2012 (unaudited)
January 31, 2012	0.45	215,328	-	(215,328)	-	-
June 25, 2012	0.15	70,327	-	(70,327)	-	-
June 15, 2013	0.15	451,990	-	(99,498)	(352,492)	-
March 29, 2014	0.21	11,666	-	-	(11,666)	-
March 1, 2012*	0.30	16,666	-	(16,666)	-	-
January 4, 2015	0.15		428,324	(79,997)	(348,327)	-
		765,977	428,324	(481,816)	(712,485)	-
Weighted average exercise price($)		**0.24**	**0.15**	**0.29**	**0.15**	**-**

7. SHARE CAPITAL (continued)

c) Stock options (continued)

Expiry Date	**Exercise Price** $	**December 31 2010** (audited)	**Issued**	**Expired/ Forfeited**	**December 31 2011** (audited)
January 31, 2012	0.45	215,328	-	-	215,328
May 4, 2012	0.93	10,000	-	(10,000)	-
June 25, 2011	0.54	56,867	-	(56,867)	-
June 25, 2012	0.15	75,994	-	(5,667)	70,327
June 15, 2013	0.15	475,323	-	(23,333)	451,990
March 29, 2014	0.21	-	11,666	-	11,666
March 1, 2012*	0.30	-	16,666	-	16,666
		833,512	28,332	(95,867)	765,977
Weighted average exercise price($)		**0.27**	**0.27**	**0.45**	**0.24**

As at September 30, 2012 (unaudited), there are no outstanding stock options.

Details regarding the options outstanding as at December 31, 2011 (audited) are as follows:

Exercise Price		Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Number of Options Exercisable
$	0.45	215,328	0.08	215,328
$	0.15	70,327	0.48	70,327
$	0.15	451,990	1.46	366,000
$	0.21	11,666	2.24	5,833
$	0.30	16,666	0.19	8,333
		765,977	0.97	665,821

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 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 1.16%; the expected life of 3 years; expected volatility of 176%; and expected dividends of $Nil.

7. SHARE CAPITAL (continued)

c) Stock options (continued)

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.

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 weighted average fair value of 32,000 broker warrants granted on May 1, 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 1.30%; the expected life of 1 year; expected volatility of 223%; and expected dividends of $Nil.

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)at September 30, 2012
Private placement	2,300,000	$0.150	December 23, 2012	0.23
Private placement	1,133,333	$0.225	June 7, 2013	0.68
Balance, December 31, 2011 (audited)	**3,433,333**	**$0.174**		
Private placement	12,000,000	$0.10	May 1, 2014	1.58
Broker warrants	32,000	$0.10	May 1, 2013	0.58
Balance, September 30, 2012 (unaudited)	**15,465,333**	**$0.118**	**-**	**1.31**

8. RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2012, 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, 2012 and 2011 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, 2012, the Company incurred $102,377 (2011: $53,164) with respect to the foregoing.

8. RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

An advance in 2007 amounting to $10,000 provided to Gixtat'in Mhind World Link Ltd. (GMWL) and an amount of $5,000 due from GMM Admin Corp. both private companies with common directors and officers, were impaired during the nine months ended September 30, 2011 as uncollectible. An amount of $994 due to GMWL by the Company was off-set against this impairment.

During the nine months ended September 30, 2012, the Company issued 50,000 shares (2011: Nil) valued at $3,000 (2011:$Nil) to Golden Dawn Minerals Inc., a company having a common director during that period, with regards to the option agreement on the Kirkland Lake Project. The Company also accrued $nil (2011: $12,163) payable to the Chief Executive Officer with respect to expenses incurred on behalf of the Company.

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

		September 30, 2012 (unaudited)		December 31 2011 (audited)
Krypt-Logx Network Corp.	$	**6,804**	$	6,804
Mineral Hill Industries Ltd.		**-**		3,943
GMM Admin Corp.		**786**		-
Dieter Peter (Chief Executive Officer)		**-**		22,096
Golden Dawn Minerals Inc.		**-**		944
	$	**7,590**	$	33,787

The amount outstanding due from related party was as follows:

	September 30, 2012 (unaudited)	December 31 2011 (audited)
Mineral Hill Industries Ltd.	**1,457**	-

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

During the nine months ended September 30, 2012, the Company entered into loan agreements with Merfin Management Limited ("Merfin"), a private company with a common director for loan totalling $20,000. Under the terms of agreements, the amount is unsecured and bears interest at 8% per annum.

During the nine months ended September 30, 2012, the Company

(i) accrued a further $5,439 (2011: $7,326) in interest on the outstanding loans

(ii) repaid a total of $300,000 in outstanding loans and accrued interest $24,526.

At September 30, 2012, the outstanding loan and accrued interest balance is $nil (December 31, 2011:$ 299,087).

During the nine months ended September 30, 2012, the Company issued Nil (2011:125,000) common shares, valued at $Nil (2011: $18,750), as a bonus interest pursuant to the terms of the loan agreements signed in 2009.

9. FINANCIAL INSTRUMENTS AND RISKS

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

Credit risk
Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and equivalents, marketable securities, receivables and due from related parties. The Company limits its exposure to credit risk on liquid financial assets through maintaining its cash and equivalents and marketable securities 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 related parties and accounts payable, approximate their current fair values because of their nature and relatively short maturity dates or durations.

9. FINANCIAL INSTRUMENTS AND RISKS (continued)

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of September 30, 2012 as follows:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	**September 30 2012**
Assets:				
Cash and equivalents	$ 6,302	–	–	**$ 6,302**
	$ 6,302	–	–	**$ 6,302**

10. CAPITAL MANAGEMENT

The Company's capital structure consists of cash and shareholders' equity. 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 period ended September 30, 2012. 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.

11. SUPPLMENTAL CASH FLOW DISCLOSURE

During the period ended September 30, 2012, the Company issued:

a) 50,000 common shares (2011: 100,000), valued at $3,000 (2011: $6,500) with respect to obligations under property option agreements;

b) Nil common shares (2011: 375,000) valued at nil (2011: $18,750) pursuant to loan agreements (Note 7); and

c) 32,000 broker warrants (2011: nil), valued at $1,277 (2011: $Nil).

12. SUBSEQUENT EVENT

a) On October 15, 2012, the Company and KPM completed the POA pursuant to which KPM acquired all of the Company's rights to the Central Catherine Claims, the Link Catherine Claims and the 80 Foot Fall Claims located in the Province of Ontario. The shareholders of the Company are entitled to receive one KPM share for every share of the Company held as of October 15, 2012. All the holders of the Company's stock options waivered their rights and all the stock options were cancelled on September 27, 2012. Holders of outstanding warrants of the Company are entitled to receive one share of the Company and one share of KPM upon exercise of each such warrant.

12. SUBSEQUENT EVENT (continued)

b) On October 30, 2012, the Company's wholly owned subsidiary M-Wave EnviroTech Inc. ("M-Wave") has entered into a joint venture agreement with Imperial Cedar Products Ltd. ("ICP"), an established manufacturer of wood products, for the erection of a M-Wave unit to be used for custom drying of wood products. The M-Wave product will be delivered to a dedicated facility on ICP's present production site and will be jointly operated through the Company's subsidiary, M-Wave System BC01 Inc.

c) On November 8, 2012, the Company's Board of Directors approved the resolution to grant 1,489,152 stock options to directors and employees. The stock options have term of three years with exercise price of $0.10 per share.