This 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 consolidated financial statements for the year ended December 31, 2016 and 2015. The consolidated financial statements for the year ended December 31, 2016 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. The majority of the audit committee is comprised 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.

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 Securities 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 also started 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 the rights of its option to the Kirkland Lake exploration properties into its subsidiary, Kirkland Precious Metals Corp. ("KPM") (subsequently renamed as The Eelleet Network Corp. ("TEN")) and completed a Spin-Off of KPM into a separate reporting exploration company via a Plan of Arrangement.

As the company's efforts to finance a production plant based on its GSC technology system were not successful and its pilot plant based on the MWE technology was completely destroyed by a disastrous fire in 2013, as reported in the Company's monthly report dated Oct. 4, 2013, management investigated projects within the bio-tech industry.

On October 16, 2014 Nass Valley announced that it had entered into a letter agreement granting the Company the exclusive right to acquire a corporation actively involved in the development of medicinal cannabis industry. The letter agreement, 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 but was subsequently terminated on Feb 10, 2015.

On May 27, 2015 the Company announced in a news release that it had entered into a letter agreement ("LOI") granting the Company the exclusive right to acquire Target-A, to develop transdermal delivery systems through a contracted third party ("Research-Co") to develop patches suitable for the delivery of tetrahydrocannabinol ("THC") and cannabidiol ("CBD").

On July 07, 2015 Nass Valley announced that it had executed the Definitive Agreement, dated June 15, 2015, with Target-A based on the terms of the LOI.

As Nass Valley's acquisition of Target-A under the terms of the Target-A-Agr was considered a "Fundamental Change" under the rules of the CSE, the trading of the Company's stock was halted on August 18, 2015 until the approval or discontinuance of the transaction. In June 2016 the Target-A wanted to renegotiate the already executed agreement and as the fundamental Change did not receive regulatory approval, the Company was able to discontinue further negotiation with Target-A. As a consequence of NVG's public announcement on July 5, 2016, the Company's stock resumed trading on July 6, 2016.

Nass Valley Gateway completed due diligence on several qualifying target projects during the last year and rejected two more of them as the Board of Directors determined that an integration of those targets would also not have been in the best interest of its shareholders.

Future Developments

The Company and its management are determined to focus on qualifying Clean-Tech projects, and is looking forward to the regulatory approval of its presently proposed acquisition of IXI Treasury Holdings Limited ("ITHL").

On February 8, 2017, the Company entered into a binding Letter of Intent and on February 15, 2017, the Company further entered into a Definitive Asset Purchase Agreement (the "DAP-Agr") to acquire 100% of ITHL. ITHL is a private company owning 40% of a Brazilian Government Treasury Bond with an confirmed converted asset value of more than $800 Million in face value (the "ITHL-Asset"), in exchange for the issuance of nonvoting convertible Preferred Class-A shares, of Series 1 and Series 2, with a deemed value CAD 5.00 per Class-A share of both Series. The discounted value of this ITHL-Asset is considered as $400 Million. Under the terms of the DAP-Agr, fifty percent (50%) of the committed Pref-A1 Shares will be issued by Nass Valley upon approval of its shareholders and the regulatory authorities with the balance, as Pref-A2 Shares, to be issued subsequent to ITHL's committed completion of the first stage of a financing for a total financing of $2,000,000 and, all Pref-A Shares are convertible at a ratio of 1:1 (one Pref-A Share for one NVG common share) but only if the combined conversion of all Pref-A shares issued to the shareholders of ITHL do not trigger an RTO.

As the ITHL-Assets can be used by Nass Valley to serve as security for issuing its own corporate bonds for funding investments and development of renewable and waste to energy projects, they will provide the Company with very attractive financing alternatives, compared to diluting equity issues. The Resulting Issuer will focus on its objectives to remain within the "Clean Tech" segment of the industry.

At the request of the Company in line with the rules of the CSE, the trading of its stock was halted on February 8, 2017 pending news of the signing of the DAP-Agr and regulatory approval by the CSE.

Highlights and Subsequent Events

The following are highlights of events occurring subsequently to the "Trading Halt" of the Company's stock.

On September 15, 2015, the Company announced that it had closed a private placement consisting of 3,500,000 units at a subscription price of $0.10 per unit for working capital and, subsequent to the transaction approval by the CSE (the "Effective-Date"), also for its first phase payments as part of its announced acquisition of Target-A. On September 23, 2015 the Company filed a Form 2A - Listing Statement with the CSE in regard to the acquisition of Target-A, that was considered to be a RTO and a "Fundamental Change" of Nass Valley's business direction. In reacting to the CSE's concern about the knowledge base of Target-A's management and board of directors, Target-A engaged two scientists respectively as Chief Scientific Consultant and Director of Target-A. Because of the approval delay, Target-A informed the Company that it would proceed to finance the development and patent application for its transdermal delivery systems via its Research-Co and Target-A's CEO assured Nass Valley that the ongoing development and patent application financed by Target-A at that time for its project would not change any of the acquisition terms of the Target-A-Agr.

As a consequence of the terms under the executed Target-A-Agr and with the consent of the Board of Directors, the Company disposed of its three dormant subsidiaries by deregistering "M-Wave EnviroTech Inc" in 2015 and transferring "Global Environomic Systems Corp." and "Nass Energy Inc." respectively to an affiliated company and its executive management in trust to be transferred into an affiliated company at no cost.

On March 17, 2016 an updated Listing Statement was submitted to the CSE through Target-A's Canadian attorney.

Subsequently to the submission of the updated Listing Statement, the CSE, as part of its approval process, requested documentation on the availability of working capital for the following twelve months. In response to the request, the CEO of Target-A and the President of Merfin Management Limited ("Merfin"), a substantial shareholder of the Company, (jointly referred to as the "Committing Parties") committed to each exercise 1,500,000 outstanding warrants at $0.10 per warrant upon resumption of trading. The CSE accepted the financing proposal submitted by the Committing Parties under the condition that the Warrants would be exercised before the requested "Trading Halt" of the Company's stock would be lifted. In order to comply with the CSE's imposed condition, the Committing Parties agreed to invoke a small amendment to the Target-A-Agr (the "Amendment-1") in respect to the Company's outstanding share purchase warrants (the "Warrants") which, under the Target-A-Agr, were to be transferred from Merfin to the CEO of Target-A subsequent to the Effective-Date.

As a consequence of the proposed Amendment-1 agreed upon by the Committing Parties, the Company, as at April 26, 2016, had received $31,222.50, the equivalent of USD $25,000, from Target-A's USA legal advisor to be applied to the exercise of 312,225 warrants for use of the Company's post-approval working capital and earmarked as further payment due under Target-A's development contract with Research-Co. Nass Valley forwarded this payment via electronic transfer on behalf of Target-A into the account of Target-A's contracted development company as advised by Target-A's CEO and its USA legal advisor. However, the Amendment-1 was never executed by the Committing Parties and, as such, never came into effect. Accordingly, the exercise of previously mentioned 312,225 warrants by the "Target-A" group was cancelled and the received funds of USD $25,000 were returned to the Target-A Group via a payment to Research-Co on behalf of the Target-A Group.

On April 25, 2016, the Company received notice from Target-A's legal advisor that Target-A would no longer accept the terms of the executed Target-A-Agr. Target-A also appointed an advisor (the "Senior-Advisor") to renegotiate the agreed upon terms of the Target-A-Agr. The Senior-Advisor reconfirmed in May 2016, via several written statements, that the terms of the Target-A-Agr would not be accepted by Target-A, unless they were substantially changed. The Company also received proposals from Target-A's Senior-Advisor that it deemed to be unacceptable, as the terms proposed by Target-A are diametrically opposed to the executed Target-A-Agr and not in the best interest of the Company's shareholders. On July 5, 2016 the Company announced in a news release that the acquisition of Target-A did not receive regulatory approval and therefore the Target-A-Agr had not become effective and Nass Valley would no longer pursue an acquisition of Target-A. Trading of the Company's shares resumed on July 6, 2016.

Financing

During the year ended December 31, 2016 no new equity financing was obtained.

During the year ended December 31, 2015 the Company received $55,000 and $35,500 through the exercise of share purchase warrants and stock options respectively.

Subsequent to the submission of the amended Listing Statement in March 2016, the CSE, as part of the approval process, requested documentation on the availability of working capital for the following twelve months. In response to the request, the CEO of Target-A and the President of Merfin, a substantial shareholder of the Company (jointly referred to as the "Committing Parties"), committed to each exercise 1,500,000 warrants at $0.10 per warrant upon the resumption of trading. The CSE accepted this commitment of the Committing Parties under the condition that the warrants would be exercised before the requested trading halt of the Company's stock would be lifted. In order to comply with the CSE's imposed condition, the Committing Parties agreed to invoke a small amendment to the Target-A-Agr (the "Amendment-1") in respect to the Company's outstanding share purchase warrants (the "Warrants") which, under the Target-A-Agr, were to be transferred from Merfin to Target-A's CEO subsequent to the Effective-Date.

Following the proposed Amendment-1, which was agreed upon by the Committing Parties, the Company, as at April 26, 2016, had received $31,222.50, the equivalent of USD $25,000, from Target-A's USA legal advisor to be applied to the exercise of 312,225 warrants for use of the Company's post-approval working capital and earmarked as further payment due under Target-A's development contract with Research-Co. Nass Valley forwarded this payment in full, via electronic transfer on behalf of Target-A, into the account of Target-A's Research-Co at the request of Target-A's CEO and its USA legal advisor. However, the Amendment-1 was never executed by the Committed Parties and, as such, never came into effect.

In accordance with the opinion of the Company's attorney that the Target-A-Agr had never become effective, since the transaction did not meet the CSE's requirements for listing approval, the exercise of the previously mentioned 312,225 warrants by the "Target-A" group was cancelled and the received funds of USD 25,000 were returned to the Target-A Group via a payment to Target-A's Research-Co as a continuing payment on behalf of the Target-A.

On September 15, 2015 the Company announced in a news release that it has closed the private non-brokered placement and received subscriptions for 3,500,000 common shares for $350,000. As at October 16, 2015, all funds have been received and a treasury order issued.

During the year ended December 31, 2015, the Company borrowed $25,000 from a related party and repaid the loan in full on August 05, 2015. As at December 31, 2015, the balance of the outstanding loan to Merfin was $Nil. Due to the high interest in the Company's "Target-A" project, as described below, certain options and warrants were exercised enabling the Company to repay its outstanding debt in full.

Results of Operations

The year ended December 31, 2016 compared to the year ended December 31, 2015

Net loss and comprehensive loss for the year ended December 31, 2016 amounted to $83,672 (loss per share - $0.00) compared to $263,496 (loss per share - $0.01) in the previous year. As the Company is inactive, no revenue was generated. The decrease in loss of $179,824 was mainly due to:

- (i) a decrease of $5,175 in interest expenses from $5,373 in 2015 to $198 in 2016 due to the Company paying off its debt to Merfin;
- (ii) a decrease of $8,899 in accounting and legal from $26,574 in 2015 to $17,675 in 2016 due to a reduction in legal fees;
- (iii) a decrease in share based payments of $195,012 from $208,828 in 2015 to $13,816 in 2016. Because of the trading halt in 2015 the extension of certain options resulted in the increase in share based compensation;
- (iv) an increase of $5,527 in wages and salaries from $11,180 in 2015 to $16,707 in 2016;
- (v) an increase of 6,246 in travel and promotion from 515 in 2015 to 6,761 in 2016 due to travel in regards to conduct the Company's due diligence on different projects;
- **(vi)** a decrease of $8,358 in "gain on foreign exchange" from a gain of $5,223 in 2015 to a loss of $3,035 in 2016.

Selected annual information

	Years Ended December 31		
	2016	**2015**	**2014**
	$	$	$
Total revenues	-	-	-
General and administrative	80,637	289,013	120,246
Loss for the year	(83,627)	(263,496)	(139,171)
Loss per share – basic	(0.00)	(0.01)	(0.01)
Loss per share – diluted	(0.00)	(0.01)	(0.01)
Total assets	192,301	268,893	23,827
Total long –term liabilities	-	-	-
Shareholders' deficiency	191,162	261,018	(120,814)
Cash dividends declared - per share	-	-	-

Selected quarterly information

	2016				2015			
Three months ended	**Dec 31 2016**	**Sep 30 2016**	**June 30 2016**	**Mar 31 2016**	**Dec 31 2015**	**Sep 30 2015**	**June 30 2015**	**Mar 31 2015**
Total assets	192,301	218,515	230,477	256,374	268,893	267,007	25,175	27,068
Working capital (deficiency)	188,162	209,513	223,011	247,574	258,018	261,311	(153,999)	(136,329)
Shareholders' deficiency	191,162	212,513	226,011	250,574	261,018	264,311	(150,999)	(133,329)
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net loss	(32,597)	(13,498)	(25,159)	(12,418)	(191,527)	(19,773)	(39,681)	(12,515)
Earnings (loss) per share	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Fourth quarter results

During the quarter ended December 31, 2016 the Company incurred a loss of $32,597 compared to a loss of $191,527 for the comparative period.

Significant movements for the three month period ended in December 31, 2016 were a decrease of $162,890 in share based compensation from $174,235 for the three month period ended in December 31, 2015 to $11,345 for comparative period in 2016; an increase of $6,238 in travel and promotion from $515 in 2015 to $6,753 in 2016.

Liquidity

The Company's working capital and deficit positions at December 31, 2016 and December 31, 2015 were as follows:

		December 31 2016		December 31 2015
Working capital (deficiency)	**$**	**188,162**	$	258,018
Deficit	$	**3,573,560**	$	3,489,888

The cash positions at December 31, 2016 and 2015 were $150,973 and $245,287 respectively.

The Company's financial condition is contingent upon being able to find a qualifying project for adding value to the Company.

While the Company will seek to maximize recoveries and reduce operating costs, estimates and assumptions influencing these parameters at the research and development 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 and the ability to sell the developed products. 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 anticipates it will need additional capital in the future to finance ongoing operations and development, 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 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.

In recent months, the securities markets in the world and in Canada have experienced high volatility in price and volume and companies, particularly in junior technology industry, have experienced 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 December 31, 2016 the Company had a share capital of $3,216,971 (December 31, 2015: $3,216,971), representing 31,751,977 (December 31, 2015: 31,751,977) common shares without par value, and an accumulated deficit of $3,573,560 (December 31, 2015: $3,489,888). The shareholder's equity amounted to $191,162 (December 31, 2015: $261,018).

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations, Comprehensive Loss and Deficit included in its consolidated financial statements for the years ended December 31, 2016 and 2015 which are available on SEDAR at www.Sedar.com.

Related Party Transactions

During the year ended December 31, 2016 the Company entered into the following transactions with related parties.

Key Management personnel compensation

No remuneration was paid during the year ended December 31, 2016 and 2015 to any key management personnel except the salary to the Corporate Secretary. The amounts due from (to) related parties were as follows and relate mainly to the reimbursement of equal shares in the salary of the Corporate Secretary up the end of June 30, 2016. From July 1, 2016 the reimbursement changed to 40% and 20% by Mineral Hill Industries Ltd and The Eelleet Network Corp, respectively.

Other related party transactions

In accordance to the executed Target-A-Agr, the Company transferred its dormant subsidiary Global Environomic Systems Corp. at no cost to Mineral Hill Industries Ltd., a public company affiliated by common directors and transferred its dormant subsidiary Nass Energy Inc. in trust with two executive directors to be transferred at their best effort, and at no cost to an affiliated company, at a later date or deregister that subsidiary if necessary.

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

	December 31 2016	December 31 2015
Transactions	$	$
Management and office administration fees:		
A company controlled by the CEO	-	11,139
Salary:		
Corporate Secretary	16,707	26,998

The amounts due (to) related parties were as follows and relate mainly to the reimbursement of respective shares in the salary of the Corporate Secretary.

	December 31 2016	December 31 2015
Balances	$	$
Due from related parties:		
The Eelleet Network Corp.	13,515	13,123
Mineral Hill Industries Ltd.	24,549	7,219
	38,064	20,342
Amounts outstanding to related parties included in accounts payable		
Mineral Hill Industries Ltd.	647	1,743
	647	1,743

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 December 31, 2014, the Company had a loan payable in the amount of $88,455 to Merfin, a private company with a common director. The loan was unsecured, bore interest at 8.50% per annum and was due on demand. On December 29, 2014, the Company settled $195,000 by issuing 2,437,500 common shares, at a fair value of $0.08 per share. The loan was fully repaid during the year ended December 31, 2015. The Company recorded interest expense in the amount of $4,937 for the year ended December 31, 2015. As at December 31, 2016 there were no further loans from Merfin.

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)
Andrew von Kursell	Director (Mineral Hill Industries Ltd),
Eric Peter-Kaiser	Interim Chief Financial Officer and Director (Mineral Hill Industries Ltd)
Milo Filgas	Director (Mineral Hill Industries Ltd.)
James Holmes	Director, appointed February 15, 2017
Michael Kelm	Corporate Secretary

Outstanding Share Data as at February 27, 2016

	Number outstanding	Exercise Price	Expiry Date
Common shares	31,751,977(1)		
Common shares issuable on exercise:			
Stock options	372,500(2)	$0.10	April 28, 2018
Stock Options	545,000	$0.10	October 25, 2019
Stock Options	85,000	$0.10	February 8, 2020
Warrants	11,450,000(1)	$0.10	May 1, 2017
Warrants	1,363,042	$0.10	Jul 19, 2019
Warrants	3,500,000(3)	$0.11	October 16, 2020

(1) In the MD&A dated April 26, 2016 the exercise of 312,225 warrants to the Target-A group was included in the outstanding share data. Since the agreement has not become effective the exercise of the warrants was cancelled and the share data reflects that reversal.
(2) On August 6, 2016, 30 days subsequent to the resumption of trading 214,996, 210,000 and 176,000 options respectively that had been granted to members of advisory committees were cancelled due to Management's decision that no committees excluding the audit committee were necessary at this time.
(3) On September 19, 2016 the Board of Directors approved the amendment of these warrants to $0.11 per share with an expiry date of October 16, 2020.

On November 6, 2015 the Board of Directors passed a resolution to extend all stock options by the number of calendar days equal to the trading halt since August 18, 2015. As a result of this modification, share-based compensation in the amount of $169,478 was recorded in 2015. These options expired on November 12, 2016.

Risks and Uncertainties

The Company's financial success will be dependent upon the successful acquisition of a qualifying project, its, subsequent financing and, commercialization of such projects and its possible end-products. These activities involve significant risks which may not be eliminated even with past 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:

- Costs related to disclosure requirements are a financial burden for a company presently depending on equity funding for its working capital.
- An increase in competition to any new project the company may and is in the process of acquiring.
- No assurance about the economic viability of the project the Company is acquiring.
- Additional costs may be incurred, such as availability of experts related to the acquisition, development and marketing, especially of potentially new generation of products.
- Additional expenditures will be required to establish permits and patents;
- There can be no assurance that a developed business plan will succeed in whole or in part;
- There are various government and environmental regulations that must be followed by the Company, which are changing constantly for most production projects, and the renewal of permits from provincial, territory, First Nations may have to be required.

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 7(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) *Going concern*
Management makes an assessment about the Company's ability to continue as a going concern by taking into the account the consideration of the various factors. Judgement is applied by management in determining whether or not the elements giving rise to factors that cause doubt about the ability of the Company to continue as a going concern are present.

Financial Instruments

The Company's financial instruments consist of cash, marketable securities, amounts receivable from related parties and accounts payable. Unless otherwise noted, it is management's opinion that the Company is presently 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 are described in Note 6 in 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 did not adopt any new or amended accounting standards during the year ended December 31, 2016 which had a significant impact on the Financial Statements.

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 IIAS 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. In November 2013, new general hedging requirements were added to the standard. In July 2014, the final version of IFRS 9 was issued and adds a new expected loss impairment model and amends the classification and measurement model for financial assets by adding a new fair value through other comprehensive income category for certain debt instruments and additional guidance on how to apply the business model and contractual cash flow characteristics.

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

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 February 27, 2016.

"Dieter Peter"
On behalf of the Board
Dieter Peter
Chief Executive Officer
February 27, 2017