NEMI Northern Energy & Mining Inc.

Management's Discussion and Analysis of Financial Position and Results of Operations ("MD&A")

For the three months ended December 31, 2011

The following information, prepared as of March 1, 2012 should be read in conjunction with the unaudited condensed consolidated financial statements of NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") for the three months ended December 31, 2011, together with the audited consolidated financial statements of the Company for the year ended September 30, 2011 and the accompanying Management's Discussion and Analysis ("the Annual MD&A") for that fiscal year. The referenced unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Figures from periods prior to and including September 30, 2010 are in accordance with Canadian generally accepted accounting principles ("CGAAP"). All amounts are expressed in Canadian dollars unless otherwise indicated.

General

NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") was continued under the *Business Corporations Act (British Columbia)* on April 15, 2010. Previously NEMI was incorporated under the *Business Corporations Act of Alberta* and extra-provincially registered under the *Company Act of British Columbia.*

The Company's principal business interest consisted of a 12.184% interest in Peace River Coal Limited Partnership ("PRC") which was sold for net cash consideration of $73,000,000 (the "PRC Disposition") on September 28, 2011. On December 28, 2011, the Company took up and subsequently cancelled 38,000,000 common shares at a cost of $1.06 each and $10,119,000 in principle amount of 8% convertible debentures paying a 17.8% premium plus accrued interest pursuant to the Company's Substantial Issuer Bid commenced November 18, 2011 (the "SIB").

Following the PRC Disposition, the Company had no significant business assets other than cash. Consequently, the Company is unable to meet the continued listing requirements of the Toronto Stock Exchange (the "TSX"). Therefore on February 15, 2012, the Company announced that management had made application to voluntarily delist its shares from the TSX effective March 14, 2012. The Company is seeking a listing on an alternative exchange to maintain continued liquidity for shareholders.

Forward-Looking Statements

This MD&A includes certain statements that constitute "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in the MD&A and include statements regarding the Company's intent, or the beliefs or current expectations of the Company's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in the MD&A, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. Management has based these forward-looking statements largely on management's current expectations and projections about future events and financial trends affecting the financial condition of the Company's business.

Unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations as of March 1, 2012.

These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause the Company's actual results to differ materially from those in the forward-looking statements. While the

Company considers these assumptions to be reasonable and based on information currently available, they may prove to be incorrect. Accordingly, readers are cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results.

To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions.

Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Material risk factors which could cause actual results to differ materially from the forward-looking statements include, but are not limited to: general economic and market conditions; the Company's ability to execute the Company's strategic plans and meet financial obligations; the performance of the Company and the Company's ability to raise additional capital; the Company's ability to create, attract and retain assets under management and assets under administration; risks relating to trading activities and investments; competition faced by the Company; regulation of the Company's businesses; risks associated with the Company's investment holdings in general, including risks associated with mining exploration, development and processing activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the ability of the Company to attract and retain key personnel; changes or disruptions in the securities markets or volatility in the market price or liquidity of the Company's Common Shares; and other risk factors including those listed under "Risk Factors" as disclosed elsewhere in this MD&A. Additional risks and uncertainties not presently known to the Company or that NEMI currently believes to be less significant may also adversely affect the Company.

Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update, or to publicly announce the results of any change to, any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If the Company does update any one or more forward-looking statements, no inference should be drawn that the Company will make additional updates with respect to those or other forward-looking statements. Readers should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please see "Risks and Uncertainties".

Summary of Operational Highlights

At the end of September 2011, following the PRC disposition, the Company's primary asset consisted of $75.998 million cash, total assets of $76.113 million and net worth of $65.111 million on 54,808,135 outstanding class A common shares.

Since the PRC Disposition, operational activity has focused on three primary issues: first, the completion of a stakeholder liquidation event that culminated in the SIB which expired on December 28, 2011; second, seeking new business or investment opportunities aimed at increasing shareholder value; and third, securing or maintaining a continued listing on a recognized stock exchange in order to ensure continued liquidity of shareholder interests.

As at December 31, 2011, after taking up 38,000,000 common shares and $10,119,000 in principal amount of 8% convertible debentures under the SIB, the Company had a total of $22.330 million in cash, total assets of $22.911 million (including $0.447 million in marketable securities) and net worth of $22.008 million on 16,568,135 shares outstanding. Total cost to complete the SIB excluding transaction fees amounted to $52.600 million including accrued interest.

Since September 30, 2011, the Company has looked at a number of business and investment opportunities and invested $421,348 in marketable securities in the three months ended December 31, 2011. The Company has a concentrated portfolio of investments in less than ten companies.

On February 15, 2012, the Company announced that management had made application to voluntarily delist its shares from the TSX effective March 14, 2012. The Company is seeking a listing on an alternative exchange to maintain continued liquidity for shareholders.

In the three months ended December 31, 2011 the Company incurred a loss of $885,786 or $0.02 per share compared to a $1,406,876 loss or $0.03 per share in the prior year.

Operations

Since November 2006 when the Company acquired its PRC limited partnership interest and ceased operations as an active coal exploration company, NEMI's operations have transitioned to managing the investment in PRC and administrative management of the corporate entity. Current management, in place since April 2009, focused on ensuring that the Company had sufficient resources to meet PRC cash calls, addressing legacy issues carried over from prior management, and corporate administration. Over that time management has sought to minimize corporate operating expenses and protect Company assets as it sought to conserve financial resources and increase shareholder value. Going forward, management does not foresee a significant change in its operational cost structure.

As such, the Company will continue to maintain a small corporate office in Vancouver. The management complement will continue to consist of a full-time CEO along with a contracted CFO who is retained on a per diem basis. In addition, accounting services are provided by an outside accounting service with whom the CFO is associated. The corporate operating cost structure is comparatively simple and consists principally of remuneration and benefits paid to the management complement, professional fees that cover legal and audit costs, expenditures required to sustain the Company's status as a reporting publicly listed entity, office expenses and fees paid to outside directors that include their out-of-pocket expenses.

In the quarter ended December 31, 2011, operating expenses totaled $219,254 compared to $168,984 for the three months ended December 31, 2010. As disclosed in the MD&A for the year ended September 2011, operating expenses for the quarter ended December 2011 were expected to be higher as the Company conducted the SIB and incurred related corporate transitional expenses.

The following discussion of the results of corporate operations for the three-month period ended December 31, 2011 are presented below in the foregoing context.

- Results of operations - three months ended December 31, 2011

For the three-month period ended December 31, 2011, corporate operating expenses totaled $219,254 (2010 - $168,984). When the previous CFO resigned in mid-December 2010, he was compensated on a fixed monthly retainer of $6,500 which totaled $16,250 for the period until his resignation in mid December 2010. The current CFO is paid on a fee for service basis that is billed and expensed in the following quarter. Under normal circumstances, this arrangement would result in CFO services running in the order of $60,000 annually with quarterly fees varying depending upon the Company's requirements for financial management expertise in any particular quarter. However given the higher than normal requirements for financial management expertise as a result of the PRC disposition, completion of the audit for the year ended September 2011, completion of the SIB, and the IFRS conversion, quarterly costs relating to services provided by the CFO can be expected to remain in the $25,000 range as incurred in the quarter ended December 2011 through the next two quarters before they can be expected to recede back to normal levels.

In the quarter ended December 31, 2011, professional fees consisting of legal and income tax advice pertaining to the SIB and related matters totaled $68,737 compared to $26,084 in the prior year. As disclosed in the MD&A for the year ended September 30, 2011, going forward, after completion of the SIB, management expects that legal and audit expense will generally trend downwards, although legal expenses as in the case of the CFO can be expected to fluctuate depending on prevailing business issues, one of which will be legal and accounting costs to secure a new stock exchange listing.

In the current period the Company did not recognize any stock based compensation (2010 - $26,000) on options that vested during the period. Since October 1, 2011, all of the outstanding options have vested and no new options were granted through the period ended December 31, 2011.

Until completion of the SIB on December 28, 2011, in addition to the administrative expenses as discussed above, the only other significant operating expense that the Company could be expected to incur on a recurring basis was interest expense on the convertible debentures that includes amortization of deferred placement charges and accretion of the equity portion of the loan as well as any related deferred transaction costs. In the quarter ended December 31, 2011, this cost amounted to $359,159 based on debentures outstanding that totaled $10.449 million for the 89 days ended December 28, 2011 and $0.330 million for 3 days ended December 31, 2011 after completion of the SIB. Interest expense for the prior year comparative period totaled $420,912 on debentures outstanding that totaled $11.900 million over the entire 92 days in the quarter ended December 2010. With only $0.330 million now outstanding in debentures, going forward from January 1, 2012, quarterly interest expense will be in the order of $8,000 per quarter. The remaining debentures mature on March 12, 2013.

The Company paid a premium on redemption of the debt portion of the convertible debentures which was estimated to be $382,807. This amount together with SIB transaction costs allocated to the debt portion of the SIB settlement estimated at $45,675 was charged to operations immediately on closing.

Interest earned on cash deposits in the quarter ended December 2011 amounted to $98,277 earned on low-risk interest bearing securities that exceeded $75.000 million for most of the quarter. Interest income for the comparative prior year period amounted to $11,859 based on cash holdings in the prior year of roughly $4.000 million.

During the quarter ended December 31, 2011, the Company invested a total of $421,348 in marketable securities which are subject to mark-to-market revaluation at the end of each reporting period. At the end of December 2011, the quoted market value of the Company's portfolio exceeded the cost by $26,670 which was taken into income for the quarter ended December 2011. In the quarter ended 2010, the Company did not have a portfolio of marketable securities other than the Hillsborough Investment that was sold in August 2011 as a condition to completing the PRC Disposition at a price equal to the December 2010 carrying value.

In the prior year, the Company recognized an $827,000 loss as its equity share of the PRC operating losses for the three months ended December 31, 2010. As the PRC interest was sold on September 28, 2011, the Company did not incur any related income or expense in the three months ended December 31, 2011.

Going forward, over the next year, under normal operating conditions management is expecting that total quarterly expenses excluding stock-based compensation can be expected to be in the $150,000 range plus approximately $8,000 in interest charges on the $330,000 remainder of convertible debenture offset by interest income from surplus cash balances and income from marketable securities.

Summary of NEMI's Quarterly Results (unaudited)

	December 2011	September 2011	June 2011	March 2011	December 2010	September 2010	June 2010	March 2010
	$	$	$	$	$	$	$	$
Total revenues	**nil**	nil	nil	nil	nil	nil	Nil.	nil
Net income) (loss)[2]	**(885,786)**	15,319,496	1,234,827	(1,603,634)	(1,406,876)	(1,084,529)	(744,458)	(970,526)
Share of (loss) income of Peace River Coal LP[2]	**nil**	4,260,000	1,819,000	(1,005,000)	(827,000)	(138,000)	132,000	(367,000)
Income (loss) per share (basic)	**(0.02)**	0.28	0.02	(0.03)	(0.03)	(0.02)	(0.01)	(0.02)

	December 2011	September 2011	June 2011	March 2011	December 2010	September 2010	June 2010	March 2010
Investment in Peace River Coal LP [1]	**nil**	nil	56,800,345	54,981,345	55,986,345	54,924,825	55,819,3360	50,719,795
Total assets[3]	**22,911,424**	76,113,961	60,204,221	58,936,420	60,454,643	62,965,415	63,612,356	64,307,012

1. In the quarter ended, September 2011, the balance in Investment in Peace River Coal LP reflects the PRC Disposition which occurred on September 28, 2011.
2. Following the PRC Disposition in September 2011, results of operations were affected accordingly.
3. As at December 31, 2011, total assets declined following completion of the SIB on December 28, 2011.

Financing Activities

- Normal Course Issuer Bid

Pursuant to the terms of an NCIB dated in May 2011, during the three month period ended December 31, 2011, the Company purchased and cancelled a total of 240,000 share at average cost $.95 each for a gross consideration of $228,900 (2010 - NCIB dated May 2010 - 1,075,200 shares purchased and cancelled at an average cost of $0.91 each for gross consideration of $979,172).

The NCIB of May 2011 was suspended upon announcement of the SIB. Subject to regulatory approval and compliance with applicable securities laws, the Company may recommence the NCIB once the Company has secured a listing on an alternative exchange.

All purchases made pursuant to the NCIBs were made in accordance with the rules of the TSX at the market price of the common shares at the time of the acquisition. NEMI made no purchases of common shares other than open market purchases.

- Early redemption 8% debentures as per Substantial Issuer Bid

In the period October 1, 2011 until December 28, 2011 the Company had $10.449 million principle amount of convertible debentures outstanding. On December 28, 2011, pursuant to the terms of the SIB, the Company completed an early retirement of debentures having a total face value of $10.119 million at a cost of $117.78 per $100 of principle for a gross consideration of $11,963,833 including transaction costs of $45,675 that were allocated against the debt portion of the SIB settlement plus accrued interest. The redemption cost was allocated as follows:

	$
Debt portion	9,981,558
Equity portion	1,558,373
Discount on equity portion	(4,580)
	11,535,351
Premium on debt portion charged to operations	382,807
Total early redemption cost @$117.78 on debentures having a face value of $10,119,000	**11,918,158**
Transaction cost	45,675
	11,963,833

- Common shares purchased and cancelled as per Substantial Issuer Bid

On December 28, 2011, the SIB expired and the Company took up for purchase 38,000,000 shares from holders of Class A Common Shares at a price of $1.06 each for an aggregate gross consideration of $40,434,360, including $154,360 in transaction costs that were allocated to the cost of the shares so acquired.

Capital Expenditures and Investments

- Purchase of marketable securities

It is the Company's policy to recognize its marketable securities as current assets recorded at their quoted market value. At the end of each reporting period, the Company compares the current carrying value with the quoted market value and the difference which is known as a "mark-to-market" adjustment is recognized in income as a holding gain or loss with an offset in an equal amount to the carrying value of the marketable securities.

During the quarter ended December 31, 2011, the Company acquired marketable securities for investment purposes having a total cost of $421,348 which the Company perceives are undervalued. These securities were all purchased on the open market and can be sold at any time at the Company's discretion subject to market conditions. During the three months ended the Company realized net sale proceeds on disposition of $547 and a related gain of $17 on disposition of marketable securities having a cost value of $529. In addition, on December 31, 2011, the Company recognized mark-to-market holding gains of $26,670 on the entire portfolio which had a market value of $447,471 as at December 31, 2011. As at February 29, 2012, marketable securities had a quoted market value of $476,249 (cost basis $408,774).

The Company intends to hold these investments until the value of the underlying assets can be realized. The Company did not have any comparable assets in the comparative period.

- Peace River Coal LP

In the prior year, Capital expenditures included an increase in the PRC capital investment of $1,888,520. In the current year, the Company did not have a comparative investment since the PRC disposition on September 28, 2011.

Liquidity and Capital Resources

As at December 31, 2011, the Company had working capital of $22,318,285 (March 1, 2012 - approximately $22.0 million)

Contractual Obligations

The Company's annual estimated operating commitments over the next two years ending September 2013 consist of obligations pursuant to Company's office lease including annual rent and estimated operating expense that total approximately $102,000 of which $44,000 and $58,0000 is due in each of the years ending September 30, 2012 and 2013 respectively.

Transactions with Related Parties

For the three months ended December 31, 2011, remuneration and benefits included fees the Company incurred for CFO and non-audit accounting services totaling $32,964 (2010 - $16,500) respectively. These fees were paid to companies owned by the former CFO or in which the current CFO has significant influence.

These transactions were measured at the exchange amount, which is agreed upon by the transacting parties. As at December 31, 2011, accounts payable and accrued liabilities included $29,322 due to related parties (September 30, 2011 - $25,952). Amounts due on these accounts, if any, are unsecured, non-interest bearing, and have no fixed terms of repayment.

Key management includes the Chief Executive Officer and the Chief Financial Officer. Compensation paid or payable to key management for services provided or invoiced respectively during the three months ended December 31, 2011 and 2010 was as follows:

	Three months ended December 31	
	2011	2010
	$	$
Management remuneration and benefits	**57,875**	49,500
Share-based payments	**-**	7,200
	57,875	56,700

First-time Adoption of International Financial Reporting Standards ("IFRS")

- IFRS

Effective for the first fiscal year ending after January 1, 2011 publicly listed Canadian entities are required to prepare their financial statements in accordance with IFRS. Due to the requirement to present comparative financial information, the effective transition date for NEMI was October 1, 2010 (the "Transition Date"). The three–month period ended December 31, 2011 is the Company's first reporting period under IFRS.

In the course of planning the IFRS conversion, Management identified four phases to the Company's conversion: scoping and planning, detailed assessment, implementation and post-implementation. The Company has now completed its IFRS conversion project through the implementation phase. The post-implementation phase will continue in future periods, as outlined below.

Notes 2, 3, 4, and 5 of the accompanying unaudited condensed consolidated financial statements for the three months ended December 31, 2011 provide details of any key pre-changeover from CGAAP to IFRS differences, accounting policy decisions and the application of IFRS 1, First-Time Adoption of IFRS, exemptions for significant or potentially significant areas that have had or could have had an impact on the Company's financial statements on transition to IFRS or may have an impact in future periods.

The conversion to IFRS has had a low impact on the financial record keeping, internal controls and financial disclosures of the Company due to the nature of the Company's business. Accounting systems have been assessed and re-configured as necessary to ensure accurate financial reporting under IFRS, for both internal and external purposes.

- First-time Adoption Exemptions Applied

The Company adopted IFRS on October 1, 2011 with the transition date of October 1, 2010 (the "Transition Date"). Under IFRS 1 "First-time Adoption of International Financial Reporting Standards", the IFRS are applied retrospectively at the Transition Date with all adjustments to assets and liabilities as stated under Canadian GAAP taken to deficit unless certain exemptions are applied. The Company has elected to apply the following exemptions:

- not restate previous business combinations that occurred prior to the Transition Date and the accounting thereof;
- IFRS 1 permits the application of IFRS 2 Share Based Payments only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS. The Company has applied this exemption and will apply IFRS 2 for equity instruments granted after November 7, 2002 that had not vested by October 1, 2010; and,
- not restate the accounting for any compound financial instruments issued and settled by the Company prior to the Transition Date.

- Transitional Financial Impact

The adoption of IFRS has not resulted in changes to the Company's reported financial position and results of operations for any period previously reported. The Company's adoption of IFRS did not have an impact on the total operating, investing or financing cash flows. There was no impact on the Company's statement of financial position as of the date of transition to IFRS (October 1, 2010) or for the comparative period (September 30, 2011).

- Accounting standards issued but not yet applied

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013 with earlier application permitted. The Company has not yet assessed the impact of these standards and amendments or determined whether it will early adopt them.

i) ***IFRS 9, Financial Instruments***, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent that they do not clearly represent a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

ii) ***IFRS 10, Consolidated Financial Statements***, requires an entity to consolidate an investee when it has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, Consolidation—Special Purpose Entities and parts of IAS 27, Consolidated and Separate Financial Statements.

iii) ***IFRS 11, Joint Arrangements***, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities—Non-monetary Contributions by Venturers.

iv) ***IFRS 12, Disclosure of Interests in Other Entities***, establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities.

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

vi) There have been amendments to existing standards, including ***IAS 27, Separate Financial Statements*** ("IAS27), and ***IAS 28, Investments in Associates and Joint Ventures*** ("IAS 28"). IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

vii) ***IAS 19, Employee Benefits***, has been amended to make significant changes to the recognition and measurement of defined benefit pension expense and termination benefits and to enhance the disclosure of all employee benefits. The amended standard requires immediate recognition of actuarial gains and losses in other comprehensive income as they arise, without subsequent recycling to net income. This is consistent with the company's current accounting policy. Past service cost (which will now include curtailment gains and losses) will no longer be recognized over a service period but instead will be recognized immediately in the period of a plan amendment. Pension benefit cost will be split between (i) the cost of benefits accrued in the current period (service cost) and benefit changes (past-service cost, settlements and curtailments); and (ii) finance expense or income. The finance expense or income component will be calculated based on the net defined benefit asset or liability. A number of other amendments have been made to recognition, measurement and classification including redefining short term and other long-term benefits, guidance on the treatment taxes related to benefit plans, guidance on risk/cost sharing features, and expanded disclosures.

viii) ***IAS 1, Presentation of Financial Statements***, has been amended to require entities to separate items presented in OCI into two groups, based on whether or not items may be recycled 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.

ix) ***IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine***, sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. Stripping activity may create two types of benefit: i) inventory produced and ii) improved access to ore. Stripping costs associated with the former should be accounted for as a current production cost in accordance with IAS 2, Inventories. The latter should be accounted for as an addition to or enhancement of an existing asset.

x) ***IFRS 7, Financial Instruments: Disclosures***, has been amended to include additional disclosure requirements in the reporting of transfer transactions and risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitization of financial assets. The amendment is applicable for annual periods beginning on or after July 1, 2011, with earlier application permitted.

xi) ***IFRS 1, First-time Adoption of International Financial Reporting Standards***, has been amended for two changes. The first replaces references to a fixed date of January 1, 2004 with 'the date of transition to IFRSs'. This eliminates the need for entities adopting IFRS for the first time to restate de-recognition transactions that occurred before the date of transition to IFRS. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRS after a period when the entity was unable to comply with IFRS because its functional currency was subject to severe hyperinflation. The amendment is effective for annual periods beginning on or after July 1, 2011 with earlier application permitted.

xii) ***IAS 12, Income Taxes***, was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendment, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale when considering the expected manner or recovery or settlement. SIC 21, Income Taxes - Recovery of Re-valued Non-Depreciable Assets, will no longer apply to investment properties carried at fair value. The amendment also incorporates into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn. The amendment is effective for annual periods beginning on or after January 1, 2012 with earlier application permitted.

Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing financial statements, the Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

a) the determination of estimated accruals and related assets and liabilities;
b) the assumptions used in calculating the fair value of warrants and share based payments;
c) the debt and equity components attributed to the 8% convertible debentures outstanding; and
d) the allocation of the premium paid on the early debenture retirement as to the premium recorded on the debt portion and discount attributed to the equity portion.

Estimates relating to asset liabilities are made on management's assessment of costs and revenues that can reasonably be expected to be incurred as a consequence of obligations and commitments undertaken or credits extended for which the exact amount has yet to be determined, but nevertheless is recognized as a consequence of business activities or other events that occurred in the current period. Such estimates have principally been made both with respect to certain operating costs and with respect to costs incurred to complete the SIB. In the event that current estimates have been overprovided or underprovided, such differences will be charged or credited to operations in the reporting period when the charge is either finitely determined or reasonably determined to have been under or over-provided in prior periods.

Amounts used in the calculation of warrant values are charged against share capital and on recognition, share based payments charged against operating costs and credited to contributed surplus. Therefore an any error in judgment only results in the misallocation of charges between equity accounts and not in the overall value of equity attributable to shareholders.

Over the life of a convertible debt issue, estimates used in the allocation of proceeds received on debt issuance between equity and debt and the related settlement will equal the amount actually paid or retained. While differences in the estimates and assumptions used could result in the understatement or overstatement of income over the term of the debt, the amounts ultimately charged or credited to equity attributable to shareholders will only result in differences in the equity accounts and not in the total equity attributable to shareholders.

Off-Balance Sheet Arrangements

NEMI has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligations under a variable interest equity arrangement.

Financial instruments and capital disclosures

- Fair value of financial instruments

The Company's financial instruments consist of cash and cash equivalents, marketable securities, receivables and accounts payable and accrued liabilities. Cash equivalents consist of cash balances on account with banks or brokerage companies, bankers' acceptances, or Government of Canada treasury bills and term deposits, the investment terms of which are less than three months at the time of acquisition. The Company has no asset backed commercial paper. Cash and cash equivalents are measured at fair value. Receivables, marketable securities, and accounts payable and accrued liabilities are measured at their amortized cost which approximates their fair value due to their short-term nature.

The Company classifies fair values of financial instruments within a three-level hierarchy that prioritizes the inputs to fair value measurement and reflects the significance of the inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The Company's cash and cash equivalents and marketable securities have been classified as "Level 2" and "Level 1" financial instruments respectively.

- Currency risk

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. The Company is exposed to currency exchange rate risks to the extent of its marketable securities investment activities in Canada. The Company's currency risk is presently limited to approximately US$106,332 of financial assets and liabilities denominated in United States dollars. Based on this exposure, as at December 31, 2011, a 1% change in exchange rates would give rise to a change in net loss and comprehensive loss of approximately $1,100. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

As at December 31, 2011, except for marketable securities having a market value of $108,321 (US$106,332) (September 30, 2011 - $nil) all of the Company's financial instruments are held in Canadian dollars. At current levels of foreign investment, management does not believe changes in exchange rates would have a significant effect on the Company's business, financial condition and results of operations.

- Credit risk

Credit risk is the risk of loss if a customer or third party to a financial instrument fails to meet its commercial obligations.

The majority of the Company's cash is held through a Canadian chartered bank and accordingly, the Company's exposure to credit risk is considered to be limited. From time-to time, cash equivalents may also consist of cash held on account with licensed brokers guaranteed investment certificates or Government of Canada treasury bills acceptances which have an original maturity of three months or less from the date of purchase and which are readily convertible into a known amount of cash.

- Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short term investments included in cash and cash equivalents is limited because these instruments, although available for sale, are generally held to maturity and the interest rate is fixed. The Company manages its cash according to its operational needs and any investment commitments that may arise.

- ***Liquidity risk***

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are all current.

Management of Capital

The Company's objectives when managing its capital are to maintain a flexible structure in order to optimize the cost of capital at an acceptable level of risk, balancing the interests of both equity and debt holders while allowing for development of the business.

The Company considers shareholders' equity, long term debt or debenture and proceeds from any short term borrowing to be components of capital under management.

The current activities of the Company are limited, however, the Company may issue new shares or incur debt, as required, in order to meet the objectives above. The Company monitors its capital based upon debt to equity and current asset to current liability ratios.

The components of capital and key ratios as of September 30, were as follows:

	December 31, 2011		September 30, 2011	
	$	**ratio**	$	ratio
Debt to equity				
Long-term debt	**326,683**		10,152,133	
Shareholders' equity	**22,007,742**	**-**	65,110,581	-
Current asset to current liabilities				
Current assets	**22,896,284**		76,097,863	
Current liabilities	**577,999**	**40 : 1**	851,247	89 : 1

The Company believes these ratios are within reasonable limits in light of its current business activities and objectives and there have not been any significant changes in the Company's objectives from the previous period.

Outstanding Share Data

As at March 1, 2012, the Company's authorized, issued, fully paid and voting shares were as follows:

Authorized Capital:

An unlimited number of Class A voting Common Shares
An unlimited number of Preferred Shares issuable in one or more series with rights and quantity subject to the discretion of the directors - none issued

	Number of Shares
Issued Fully-paid and Outstanding	
Class A Common shares	16,568,135
Options Outstanding	
Common class A shares, having a weighted average exercise price of $0.70 each	834,000
Convertible Debentures[1]	
Maximum number of Class A common shares issuable on conversion of $330,000 in convertible debentures, if converted at the holder's option at the rate of $0.90 per share[1]	366,667

[1] Under certain circumstances, the Company may redeem the convertible debentures by issuing shares, in which case, the number of Class A common shares issuable on a conversion of the convertible debentures will depend on the weighted average trading price of the Company's shares on the Toronto stock Exchange for the 20 day trading period prior to the date fixed for redemption or at maturity.

Risks and Uncertainties

Investment in the common shares of the Company involves a high degree of risk, and investors should not invest unless they can afford to lose their entire investment. In addition to the other information contained in this MD&A, investors should consider carefully the following risk factors with regard to an investment in the common shares of the Company:

- New enterprise

NEMI has only recently commenced evaluating new business and investment opportunities and has no history of earnings in this endeavor. There is no assurance that any investment in marketable securities acquired by NEMI will achieve intended objectives, generate earnings, operate profitably or provide a return on investment in the future or that the concept will be successful or sustainable.

- Concentration of investments

Other than as disclosed in this MD&A, there are no restrictions on the proportion of Company funds and no limit on the amount of funds that may be allocated to any particular investee company, industry or sector. NEMI may participate in a limited number of investments and, as a consequence, financial results may be substantially adversely affected by the unfavorable performance of a single investment, or sector. Completion of one or more investments may result in NEMI having a disproportionate investment in a particular investee company, business, industry or sector could result in a disproportionately high concentration of investment risk exposure associated with one particular investment.

- Illiquid marketable securities

NEMI may invest in illiquid marketable securities of public issuer investees. A considerable period of time may elapse between the time a decision is made to sell such securities and the time NEMI is able to do so, and the value of such securities could decline during while awaiting disposition. Illiquid investments are subject to various risks, particularly the risk that NEMI will be unable to realize its investment objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy. In some cases, NEMI may be prohibited by contract or by law from selling such securities for a period of time or otherwise be restricted from disposing of such securities. Furthermore, the types of investments made may require a substantial length of time to liquidate.

NEMI may also make direct investments in publicly traded investee securities that have low trading volumes. Accordingly, it may be difficult to make trades in these securities without adversely affecting the price of such securities.

- Trading price of common shares relative to profit and/or net asset value

NEMI is neither a mutual fund nor an investment fund and due to the nature of the Company's business, its investment strategy and the composition of its investment in the marketable securities portfolio will affect the market price of NEMI's Common Shares, at any time, the value of which may vary significantly from the Company's book value per share. This risk is separate and distinct from the risk that the market price of NEMI Common Shares may decrease.

- Available opportunities and competition for investments

The success of NEMI's operations will, among other things depend upon: (i) the availability of appropriate investment opportunities; (ii) NEMI's ability to identify, select, acquire, grow and exit those investments; and (iii) NEMI's ability to generate funds for future investments. NEMI can expect to encounter competition from other entities that have investment objectives similar to those of the Company, including investment funds, institutional investors and strategic investors. These groups may compete for the same investments as NEMI, may be better capitalized, have more personnel, have a longer operating history and have different return targets from NEMI. As a result, NEMI may not be able to compete successfully for investments. In addition, competition for investments may lead to the price of such investments increasing which may further limit NEMI's ability to generate desired returns. There can be no assurance that there will be a sufficient number of suitable investment opportunities available to NEMI to invest in or that such investments can be made within a reasonable period of time. There can be no assurance that NEMI will be able to identify suitable investment opportunities, acquire them at a reasonable cost or achieve an appropriate rate of return. Identifying attractive opportunities is difficult, highly competitive and involves a high degree of uncertainty. Potential returns from investments will be diminished to the extent that NEMI is unable to find and make a sufficient number of investments.

- Share prices of investments

NEMI's investments in marketable securities of public companies are subject to volatility in the share prices of investee companies. There can be no assurance that an active trading market for any of the investee shares is sustainable. Investee share trading prices could be subject to wide fluctuations in response to various factors beyond NEMI's control, including quarterly variations in investee company results of operations, changes in earnings (if any), estimates by analysts, prevailing conditions in investee industries and general market or economic conditions. In recent years, equity markets have experienced extreme price and volume fluctuations. These fluctuations have had a substantial effect on market prices, often unrelated to the operating performance of specific companies. Such market fluctuations could adversely affect the market price of NEMI's marketable security portfolio as well as that of its own common shares.

- No guaranteed return

There is no guarantee that a NEMI investment in marketable securities will earn any positive return in the short term or long term. The task of identifying investment opportunities, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to successfully make, manage and realize a return on such investments.

- Due diligence

The due diligence process NEMI undertakes in connection with investments may not reveal all facts that may be relevant to making an investment. Before making investments, although NEMI conducts due diligence that management deems to be reasonable and appropriate based on the facts and circumstances applicable to each investment, there can be no assurance that the due diligence will identify all of the risks and perils associated with the investment. When conducting due diligence, NEMI may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. The assistance of outside consultants, legal advisors, accountants and investment banks may be required in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, NEMI will rely on the resources available to the Company, including information provided by the investee target company and, in some circumstances, third-party investigations. The due diligence investigation that NEMI completes with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation can be costly and will not necessarily result in the investment being successful.

- Cash flow / revenue

NEMI generates revenue and cash flow primarily from proceeds received on disposition of investments, interest earned on cash and cash equivalents, and financing activities. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of NEMI's direct control. NEMI liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to NEMI, or if the value of the investment in marketable securities declines, resulting in capital losses on disposition.

- Volatility of share price

The market price of NEMI's Common Shares has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in the Company's consolidated results of operations, changes in financial estimates by securities analysts, general market conditions and other factors. Market fluctuations, as well as general economic, political and prevailing market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of NEMI's Common Shares. The purchase of NEMI Common Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Common Shares in NEMI should not be purchased by persons who cannot afford the possibility of the loss of their entire investment.

- Need for additional capital and access to capital markets

NEMI anticipates that it has sufficient resources to meet its current obligations, however future or investments by NEMI may require a significant infusion of additional funds. Further financing may dilute the current holdings of shareholders and may thereby result in a loss for shareholders.

There can be no assurance that NEMI will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Company's future obligations as they become due. Failure to obtain such additional financing could result in delay or indefinite postponement of further investment or growth in NEMI's marketable securities portfolio.

- Non-controlling interests

NEMI investments in marketable securities will more likely than not include equity securities of companies over which NEMI holds little control or significant influence. These securities may be acquired by NEMI in the secondary market or through purchases of securities from an investee company. Any such investment is subject to the risk that investee companies have made or they may make business, financial or management decisions with which NEMI does not agree. When or If any of the foregoing occurs, the value of the NEMI investment in marketable securities could decline to the detriment of the Company's financial position, results of operations and cash flows and NEMI share prices.

- Reliance on management's expertise

NEMI is dependent upon the effort, skill and business contacts of key members of management, for among other things, the information and deal flow they generate during the normal course of their activities and the synergies which exist amongst their various fields of expertise and knowledge. Accordingly, NEMI's continued success will depend upon the continued service of these individuals who are not obligated to remain employed with the Company. The loss of the services of any one or more of these individuals could have a material adverse effect on revenues, net income and cash flows and growth outlook including NEMI's ability to maintain or grow existing assets, raise additional funds or find new investment opportunities in the future. NEMI does not have any key person insurance in place for management.

- No on-going active business operations

Currently the Company has minimal assets other than cash and is unlikely to generate any earnings or pay dividends until at least after its cash is more fully invested or in the alternative; a new business interest is secured. Further, no assurance can be provided that such new business interests can be secured or that any business interest that may be secured can be operated profitably or that the Company's investments in marketable activities will generate asset value growth that could result in positive cash flow, or that any future dividends could or would ever be paid.

- Adverse income tax assessments

In the process of recognizing the income earned on the PRC Disposition on September 28, 2011, the Company did not recognize any resulting income tax liability. Although the Company has relied on the advice of expert advisors in its determination and treatment of the gain on disposal, no assurance can be provided that the Company will not be subject to adverse income tax assessments and / or penalties on assessment and while management believes that it has retained sufficient resources on hand to address such a contingency, no assurance can be provided that the amount so retained will be sufficient or can be retained until the assessment is definitive.

- NEMI stock liquidity

No assurance can be provided that an active and liquid market for the Company's common shares will be sustained. Investors may find it difficult to resell their shares.

- Highly speculative

Under normal circumstances, as stated elsewhere herein, an investment in NEMI's common shares is highly speculative. Further, the present stage of corporate development makes in investment in the Company's shares that much more highly speculative.

- Limited resources

The company has only a set amount of money and management resources with which to identify and acquire potential business opportunities and there can be no assurance that the Company will be able to identify a suitable business opportunity. Further, even if such a opportunity is identified, there can be no assurance that the company will be able to successfully complete the transaction and implement a profitable business plan.

While the Company currently has sufficient working capital available to it, the Company's ability to secure or operate any new business opportunity may require additional financing. The Company may not be able to secure financing on terms acceptable to it, if at all. Failure of the Company to secure sufficient financing could result in delays or prohibit the Company from securing a proposed business opportunity or proposed operations and could result in the Company going out of business.

- Potential for interest dilution

A transaction for a new business opportunity may be financed in all or in part by the issuance of additional securities by the Company and this may result in dilution to a shareholder's interest, which dilution may be significant and which may also result in a change of control of the Company.

- Ability to secure prerequisite approvals

In the event that a suitable business or a marketable security investment opportunity is identified, the transaction may be subject to approvals by regulatory authorities and, in the case of a non-arms length transaction, approval by the majority of any minority shareholders.

- Shareholder rights

Unless a shareholder has a right to dissent and be paid fair value in accordance with applicable corporate or other law, a shareholder who votes against a proposed business marketable security investment opportunity for which a majority of minority shareholders have given approval, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares.

- Ability to retain a listing on a recognized stock exchange and possibility of trading halts or suspensions

NEMI has applied to voluntarily delist its common shares from the TSX effective March 14, 2012. Although the Company is seeking a listing on an alternative stock exchange there can be no assurance that the Company will qualify for listing on any alternate stock exchange.

In addition, trading in the common shares of the Company may be halted or suspended at other times for other reasons, including for failure by the Company to submit documents to the applicable regulatory authorities within required time periods.

- Foreign operations and management residency

In the event that management of the Company resides outside of Canada or the Company identifies a foreign business opportunity, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce any judgments obtained in Canadian courts against such persons or businesses.

- Conflicts of interest

There are potential conflicts of interest to which some or all of the directors, officers, or insiders of the Company could be subject in connection with the operations of the Company. The directors and officers of the Company will not be devoting all of their time to the affairs of the Company. Some of the directors and officers of the Company are directors and officers of other companies. Some of the other companies are engaged in or could be engaged in the search for properties or business prospects that may be suitable business ventures or opportunities that could be of interest to the Company. Accordingly, situations may arise where some or all of the directors, officers or insiders of the Company could be in direct competition with the Company. The directors and officers of the Company are required by law to act in the best interest of the Company. They have the same obligations to other companies in respect of which they act as directors and officers. Discharge by the directors and officers of their obligations to the Company may result in a breach of their obligations to other companies, and in certain circumstances, this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflict in legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives. Conflicts will be subject to the procedures and remedies as provided under the British Columbia Business Corporations Act.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

- Disclosure controls and procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that material items requiring disclosure by the Company are identified and reported in a timely manner.

Based on current securities legislation in Canada, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company have evaluated the design and effectiveness of the Company's disclosure controls and procedures as of December 31, 2011, and have concluded that such disclosure controls and procedures were operating effectively at that date.

There were no significant changes to the Company's disclosure controls process during the three months ended December 31, 2011.

It should be noted that, while the Company's CEO and CFO believe that the Company's disclosure controls and procedures provide a reasonable level of assurance and that they are effective, they do not expect that the disclosure controls and procedures can prevent all errors or mistakes. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

- Internal controls over financial reporting

Management is responsible for designing, establishing and maintaining a system of internal controls over financial reporting to provide reasonable assurance that the financial information prepared by the Company for external purposes is reliable and has been recorded, processed and reported in an accurate and timely manner in accordance with GAAP.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities. The Audit Committee fulfills its role of ensuring the integrity of the reported information through its review of the interim and annual financial statements.

There are inherent limitations in the effectiveness of internal controls over financial reporting, including the possibility that misstatements may not be prevented or detected. Accordingly, even effective internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Furthermore, the effectiveness of internal controls can change with circumstances. The Company has paid particular attention to segregation of duties and matters surrounding its internal controls over financial reporting as the Company has only limited staff resources at the present time such that "ideal" segregation of duties is not feasible. This risk is dealt with by management and any identified compensating controls such as Board or senior management review are implemented where appropriate. At the present time, the Company does not anticipate hiring additional accounting or administrative staff as this is not considered necessary or practical and accordingly, will continue to rely on review procedures to detect potential misstatements in reporting of material to the public.

The CEO and the CFO have evaluated the design and effectiveness of internal controls over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, as at December 31, 2011, the Company believes that its internal controls over financial reporting were designed and operating effectively to provide reasonable, but not absolute, assurance that the objectives of the control system are met.

The Company's management, including the CEO and CFO, believe that any internal controls over financial reporting, including those systems determined to be effective and no matter how well conceived and operated, have inherent limitations and can provide only reasonable, not absolute, assurance that the objectives of the control system are met with respect to financial statement preparation and presentation. Because of the inherent limitations in all control systems, they cannot provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and not be detected.

Changes in internal controls over financial reporting

The Company continues to review and assess its internal controls over financial reporting. There were no significant changes made to internal controls over financial reporting during the three months ended December 31, 2011.

Outlook

As at March 1, 2012, with approximately $22.0 million in working capital, the Company is well positioned to evaluate future business or investment opportunities.

Other Information

Additional information related to the Company, including its Annual Information Form, is available for viewing on SEDAR at www.sedar.com.