NEMI Northern Energy & Mining Inc.

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

For the year ended September 30, 2012

The following information, prepared as of January 25, 2013 should be read in conjunction with the audited consolidated financial statements of NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") for the year ended September 30, 2012 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information disclosed in this MD&A that pertains to accounting periods ended prior to and including September 30, 2010 were prepared in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements. 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 refer to the discussions under the headings **"Forward-looking Statements"** *and* **"Risks and Uncertainties "** *as presented elsewhere herein.*

General

NEMI is a specialized merchant bank whose principal activity is the development of its asset and equity portfolio. Although NEMI retains the flexibility to make any investments which management determines are in its best interests, NEMI's primary target investments are shares of small-cap and micro-cap public companies which NEMI's management believes are undervalued. The ultimate objective of these investments is to devise exit strategies that maximize the Company's relative return.

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.*

Prior to 2012, the Company's principal business interest consisted of a 12% interest in Peace River Coal Limited Partnership ("PRC") which was sold for a net cash consideration of $73 million on September 28, 2011 (the "PRC Disposition"). On December 28, 2011, the Company purchased (and subsequently cancelled) 38 million common shares at a cost of $1.06 each and $10.1 million in principal amount of 8% convertible debentures paying an 18% premium plus accrued interest pursuant to the Company's Substantial Issuer Bid dated November 18, 2011 (the "SIB").

On March 15, 2012, the Company's common shares began trading on the Canadian National Stock Exchange ("CNSX") under the trading symbol NNE. Previously, the Company's common shares traded on the Toronto Stock Exchange (the "TSX") under the symbol NNE.A.

On April 16, 2012, the board of directors was increased from 4 to six members. Three new members were appointed: Messrs. Joseph Helmer, Joel Leonard and Jay Sujir. Mr. Lyle Stein did stand for re-election.

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 January 25, 2013.

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 and Uncertainties"** as disclosed elsewhere herein. 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

Following the PRC disposition, the Company began the 2012 fiscal year with $75,997,850 in cash, total assets of $76,113,961 and net worth of $65,110,581 on 54,808,135 outstanding class A common shares.

For the 2012 fiscal year, operational activity focused on three primary goals: first, provide a stakeholder liquidity event; second, maintain a continued listing on a recognized stock exchange; and third, seek new business and investment opportunities aimed at increasing shareholder value on a per share basis.

The liquidity event was provided in the first quarter with the completion of the SIB on December 28, 2011. Total cost to complete the SIB amounted to $52,398,192 that included charges to operations of a $307,705 premium paid on the debenture retirement as well as related transaction costs of $45,675 (together the "SIB Transaction Charges") as the Company retired over 69% of its common shares and 97% of its convertible debentures.

On February 15, 2012, the Company announced that management had made application to voluntarily delist its shares from the TSX effective March 14, 2012. On March 15, 2012, the Company secured its CNSX listing.

Over the course of the year ended September 30, 2012, the Company built a portfolio of investments at fair value of $15,898,388 (September 30, 2011 - $nil) at a cost of $10,922,932 (September 30, 2011 - $nil). As at September 30, 2012, investments at fair value included holding gains in the amount of $4,957,156.

Net income for the year ended September 30, 2012 amounted to $3,892,662 (2011 - $13,543,813) including realized and unrealized gains on its investments at fair value that amounted to $5,100,070 as well as the for mentioned SIB Transaction Charges that totaled $353,380. Income for the prior year included an $11,814,074 gain on the PRC Disposition as well as $4,247,000 representing the Company's equity share of income from PRC operations that was generated during the year ended September 30, 2011 and prior to the PRC Disposition on September 28, 2011.

As at September 30, 2012, the Company's cash position amounted to $11,516,054 (2011 - $75,997,850), with total assets of $27,505,320 (2011 - $76,113,961) and net worth of $26,927,531 (2011 - $65,110,581) on 16,652,135 shares outstanding (2011 - 54,808,135).

Investing activities

It is the Company's policy to recognize its investments at fair value as current assets recorded at their quoted or estimated fair value. At the end of each reporting period, the Company compares the current carrying values with the quoted market value or estimated fair values 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 investments that fair value.

As at September 30, 2012, the Company held investments at fair value of $15,898,388 (cost - $10,922,932) which included:

a) **Publicly traded securities**

The Company's portfolio of publicly traded securities, all purchased on the open market or pursuant to private placement subscriptions had a quoted value of $4,808,388 (cost - $5,216,432) and can be sold at any time at the Company's discretion subject to market conditions and from time to time hold period restrictions pursuant to the terms of each respective private placement subscription agreement, if applicable. As at September 30, 2012, publicly traded securities included securities acquired pursuant to the terms of private placement subscription agreements having a market value of $1,355,000 (cost - $1,402,500) that are subject to four-month hold periods from the date of subscription, the latest of which expired on January 15, 2012. During the twelve months ended September 30, 2012, the Company realized net sale proceeds on dispositions totaling $838,557 and a related gain of $156,512 on disposition of publicly traded securities having a cost value of $682,045. In addition, on September 30, 2012, the Company recognized mark-to-market holding losses on its portfolio of publicly traded securities of $408,044.

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.

b) Private company equity and debt securities

i) Black Eagle Mining Corporation ("BEM")

On March 16, 2012, the Company acquired a 17.4% interest or 5 million common shares of BEM, a private placement subscription for a total cash consideration of $3,750,000 or $0.75 per share. The BEM shares have no quoted trading value.

On June 1, 2012, BEM closed a $12.5 million private placement at a price of $1.80 per share. Accordingly the Company recognized an unrealized mark to market gain of $5,250,000 ($1.05 per share) in the carrying value of its BEM shares for the three months ended June 30, 2012. Upon completion of the June private placement, NEMI owned 14.1% of BEM.

BEM is a private company incorporated under the laws of British Columbia and holds the sole and exclusive right to acquire a 100% interest in certain applications forming the Blackstone metallurgical coal project in Alberta pursuant to an agreement between BEM and Rio Tinto Exploration Canada Inc. ("Rio") under which Rio has retained a 51% back-in option.

ii) American Bonanza Gold Corporation ("BZA")

On September 14, 2012, the Company advanced US$1,500,000 (approximately $1,456,800) against a Secured Promissory Note and Guaranty (the "BZA Note") extended by BZA, a corporation organized and existing under the laws of British Columbia and its wholly-owned subsidiary Bonanza Explorations Inc., a company organized and existing under the laws of Nevada (together "BZA" or the "Debtor") under which the Debtor promised to pay to the Company together with all interest and other fees and monies which may from time to time be owing under the BZA Note. The BZA Note is due in full on November 14, 2013 (the "Maturity Date"). Interest on the unpaid balance is payable monthly in US dollars at the rate of 12% per annum commencing November 1, 2012. Subject to provisions for earlier repayment in accordance with terms of the BZA Note, repayment is due in eight equal monthly instalments commencing March 14, 2013, however; the Debtor may, upon five days prior written notice prepay, in whole, or in part, the then outstanding principal amount along with all accrued and unpaid interest due and payable on such amount of prepayment, provided that such prepayment to the Company includes a prepayment penalty in an amount equal to 14 months interest on the amount of the Gold Loan being repaid at the rate of 12% less any interest payments previously paid on the prepayment amount. At the Company's option, repayment shall be made in an aggregate payment of 1250 London good delivery gold ounces, or in cash. BZA has granted the Company a security agreement granting a charge over all of the Debtor's personal property save and except for the Debtor's mining lease dated June 12, 2005 between the Patch Living Trust and the Debtor. The BZA Note is further secured under a Guarantor Security Agreement (the "Guaranty") under which the Debtor has irrevocably and unconditionally guaranteed the due and punctual payment of all obligations incurred under the terms of the loan. In addition the BZA Note provides for various terms and conditions that are typical in the industry under similar circumstances.

As at September, the fair market value of the BZA Note amounted to $1,590,000. Fair market value was determined using a valuation model. The significant assumptions applied to the model were the consensus gold forward prices and discount rate.

In addition, in consideration for having extended the BZA Note the Debtor has issued 1,500,000 common share purchase warrants for nominal consideration to the Company (the "the BZA Note Warrants"). Such warrants shall be exercisable for a period of two years from the date of issuance and entitle the holder to purchase one additional share in the capital of the Debtor at a price of $0.50 per share. At this time, that Company has not assigned any value to these warrants.

iii) Vangold Resources Ltd. ("Vangold")

On July 4, 2012 the Company advanced $500,000 in consideration for a one year term loan to Vangold that bears simple interest at a rate of 20% per annum payable monthly (the "Vangold Loan"). The outstanding principal will be due and payable on July 4, 2013.

The Vangold Loan is secured by: a general security agreement ("GSA") against all Vangold present and after acquired assets; and, an executed pledge consisting of duly executed powers of attorney against 90.9% of the shares and related share certificates of Pacific Kanon Gold Corp., a wholly-owned Vangold Subsidiary. For reporting purposes, the Vangold Loan has been classified as a current asset on the balance sheet and recorded in other securities held-for-trading.

Under the provisions of the Vangold Loan agreement, following a proposed Vangold share consolidation which took place during the month of October, the Company was entitled to receive a bonus share allotment of 888,889 Vangold shares having a total value of the hundred thousand dollars in consideration for having made the loan accommodation (the "Vangold Bonus Shares "). The Vangold Bonus shares were deliverable within the earlier of the completion of a proposed Vangold share consolidation and 120 days after July 4, 2012. However during October 2012, as part of an arrangement to subscribe to a Vangold private placement offering for 2,250,000 Vangold shares at a price of $0.10 each, the Company agreed to defer delivery of the bonus shares until such time as the Company would not own more than 20% of Vangold's common shares. Following completion of the Vangold private placement subscription October 2012, NEMI's Chairman and CEO was appointed a director of Vangold

Changes to the Company's portfolio of investments at fair value were as follows:

	Three months ended December 31 2012	Year ended September 30 2012
	$	$
Balance, beginning of period	15,898,388	-
Purchases	2,963,659	11,636,875
Proceeds on disposition	(381,052)	(838,557)
Realized gains on disposition	32,898	156,512
Unrealized foreign exchange gains (losses)	2,712	(13,598)
Unrealized gains (losses)	(420,832)	4,957,156
Balance, end of period	18,095,773	15,898,388

As at January 25, 2013, all of the Company's loans remain current.

Capital expenditures

In 2011, 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.

Financing Activities

- Normal Course Issuer Bid

The NCIB dated May 2011 was suspended upon announcement of the SIB. During the three months ended June 30, 2012, the Company did not purchase any shares pursuant to the provisions of its most recent NCIB dated May 2011.

- Early redemption 8% debentures as per Substantial Issuer Bid

In the period October 1, 2011 until December 28, 2011 the principal amount of convertible debentures outstanding amounted to $10,449,000. 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 $10,119,000 at a cost of $117.78 per $100 of principal 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 a $307,705 premium that was paid on redemption of the debentures. The redemption cost was allocated as follows:

	$
Debt portion	10,056,660
Equity portion	1,558,373
Discount on equity portion	(4,580)
	11,610,453
Premium on debt portion charged to operations	307,705
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

Both the premium paid on the debt portion of the debentures and the transaction costs were charged to operations on closing of the SIB.

- Common shares purchased and cancelled as per Substantial Issuer Bid

On December 28, 2011, pursuant to the terms of the SIB, the Company purchased and subsequently cancelled 38 million 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.

- Options exercised and granted

On April 18, 2012, 34,000 options having an exercise price of $0.41 and an expiry date of May 27, 2014 and 50,000 options having an exercise price of $0.60 and an expiry date of September 30, 2015 were exercised.

On April 19, 2012, the Company granted options on 350,000 common shares that may be exercised at a price of $1.00 each at any time up until and including April 19, 2017. The stock-based compensation pertaining to these newly granted options amounted to $97,400, being the estimated fair value using the Black Scholes option pricing model with the following assumptions: risk-free interest rate - 1.15%; expected life - 5 years; expected volatility - 35%; and expected dividends - nil.

On May 16, 2012, 50,000 options that were to expire September 30, 2016 exercisable at a price of $1.00 were forfeited.

- Dividends paid

On December 11, 2012, the Company declared a dividend of $0.05 per share on the Class A Common Voting Shares payable on December 31, 2012 to shareholders of record at the start of business on December 18, 2012.

Selected Annual Audited Financial Data

The following table sets forth selected annual financial data as extracted from the audited financial statements for each of the last three fiscal years ended:

	Years ended September 30		
	2012	2011	2010
	$	$	$
Balance Sheet			
Net current assets	**26,915,967**	75,246,616	7,028,151
Non-current assets	**11,564**	16,098	54,945,367
	26,927,531	75,262,714	61,973,518
Non-current Debt	**-**	(10,152,133)	(11,010,341)
Net equity	**26,927,531**	65,110,581	50,963,177
Statement of Income (Loss) and Comprehensive income (Loss)			
Net investment income	**5,500,837**	35,010	-
Equity share of income (loss) from Peace River LP	**-**	4,247,000	(37,000)
Gains on PRC Disposition	**-**	11,814,074	-
All other operating expenses	**(1,608,175)**	(2,552,271)	(2,950,698)
Net Income (loss) and comprehensive income (loss)	**3,892,662**	13,543,813	(2,987,698)
Income (loss) per share	**0.15**	0.25	(0.05)
Cash flows from (used in)			
Operating activities	**(1,100,326)**	(1,873,154)	(684,549)
Financing activities	**(52,583,152)**	(1,058,494)	(1,180,391)
Investing activities	**(10,798,318)**	71,666,149	(8,845,722)
Net increase (decrease) in cash	**(64,481,796)**	68,734,501	(10,710,662)

In the period since 2010, changes in non-current assets reflect cash requirements to fund the PRC investment culminating in the PRC disposition in September 2011 when non-current assets declined to only $16,098 and the Company recorded an $11,817,074 gain on the PRC Disposition on recorded net cash proceeds of $72,874,419. The equity share of Income (loss) from the Peace River Coal LP generally improved over the period up until the PRC Disposition on September 28, 2011 with the completion of capital improvements to the operations and particularly in the six months ended September 30, 2011 ended when coal prices approached historic highs. The decline in all other operating costs is consistent with the changes in management structure following the appointment of the current executive management team and directors in March of 2009.

NEMI Corporate Operations

In the period from March 2009 until the PRC Disposition, management largely focused on ensuring that the Company had sufficient resources to meet PRC cash calls, addressing legacy issues carried over from operations prior to March 2009, and corporate administration. Over that time management sought to minimize corporate operating expenses and protect Company assets as it sought to conserve financial resources and increase shareholder value. Following the PRC Disposition, management first sought to complete a liquidity event that culminated in the completion of the SIB on December 28, 2011 while maintaining a market for the shares which ultimately resulted in the listing of the shares on the CNSX in March 2012. In addition to its focus on these latter two issues, management concurrently initiated its investment activities pursuant to its merchant banking objectives.

Over this period, the Company has maintained a small corporate office in Vancouver. The management complement consists of a full-time CEO and 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 reporting publicly listed entity, office expenses and fees paid to outside directors that include their out-of-pocket expenses.

In the year ended September 30, 2012, operating expenses excluding stock-based compensation totaled $795,665 (2011 - $1,010,149). As disclosed in the MD&A for the year ended September 2011, operating expenses for the six-month period through March 31, 2012 were expected to be higher as the Company conducted the SIB and incurred related corporate transitional expenses pertaining to the CNSX listing application. As expected, with completion of this transition, operating costs in the second half the year ended September 30, 2012 have generally trended downward.

The following discussion of the results of corporate operations for the twelve and three-month periods ended September 30, 2012 are presented below in this context.

Operations

- Results of operations - twelve months ended September 30, 2012

Net income and comprehensive income for the twelve months ended September 30, 2012 amounted to a $3,892,662 or $0.15 per share (2011 - income of $13,543,813 or $0.25 per share) based on a weighted average number of shares outstanding of 26,617,434 common shares (2011- 54,047,634).

In the twelve months ended September 30, 2012, net investment gains included recognition of a gain of $5,100,070 on its investments at fair value that were acquired during the year ended 2012 and for which there was no comparative loss or gain was recognized in the prior year.

Interest income for the year ended September 30, 2012 amounted to $400,767 (2011 - $35,010). The 2012 increase is largely attributable to interest earned on the PRC proceeds of $72,874,419 received on September 28, 2011 and held on account during the first quarter pending completion of the SIB on December 28, 2011 when cash holdings declined by a total of $52,398,192 which left the Company with approximately $22 million as at December 31, 2011. Since that time, cash has been held with the bank substantially in term deposit receipts that attract competitive interest rates. In addition, interest income has been augmented with interest that amounted to approximately $60,000 generated from approximately $2 million in higher risk secured loans that the Company extended during the last quarter of 2012. Interest earned in the year ended September 30, 2011 that amounted to $35,010 that was largely generated from cash held in bank term deposit receipts that amounted to approximately $2,500,000.

Operating expenses for the twelve months ended September 30, 2012 totalled $795,665 (2011 - $1,010,149). Accordingly, after exclusion of net investment income in 2012 in the amount of $5,500,837 and 2011 income that related to PRC including an $11,814,074 gain on disposition and an equity share of earnings that amounted to $4,247,000, substantially all of the 2012-2011 income variance was attributable to charges against income after operating expenses which for the twelve-month period ended September 30, 2012 amounted to $812,510 (2011 - $1,542,122). The 2011 figures included interest costs on the convertible debentures that amounted to $1,538,899 in 2011 when the face value of the debentures outstanding amounted to $10,449,000 compared to $452,101 incurred for the twelve months ended September 30, 2012 when the face value of the debentures outstanding had declined to $330,000 following completion of the SIB on December 28, 2011. Net income for the year ended September 30, 2012 included a premium paid on redemption of the debt portion of the convertible debentures estimated at $307,705. This amount together with SIB transaction costs allocated to the debt portion of the SIB settlement estimated at $45,675 represented a one-time charge to operations immediately on closing the SIB on December 28, 2011.

Excluding stock-based compensation that amounted to $97,400 in the twelve-month period ended 2012 (2011 - $142,000), operating expenses for the twelve month period ended September 30, 2012 amounted to $698,265 (2011 - $868,149). The $169,884 reduction in 2012 is substantially attributable to a reduction in remuneration and benefits expense which declined from $393,658 in 2011 to $226,785 in 2012. The expense for 2011 included adjustments to final settlement of termination agreements that pertained to legacy management dispute settlements, initial estimates for which had been made at the outset of the

claims during the year ended September 30, 2009.

The changes in the weighted average number of shares outstanding is attributable to the cancellation of 38 million common shares on completion of the SIB on December 28, 2011.

Over the course of the year ended September 30, 2012, the Company initiated its merchant banking activities. As at September 30, 2012, the Company had a portfolio consisting of investments at fair value having a quoted market or estimated fair value of $15,898,388 (cost - $10,922,932). In accordance with IFRS accounting policies the combined differences between cost and quoted market or estimated fair market totalling net unrealized gains of $4,957,156 that have been included in income as gains on investments at fair value that totalled $5,100,070 (2011 - $nil). The remainder of the gain recorded in income reflects a realized gain on the sale of investments at fair value that amounted to $156,512 less foreign exchange losses recognized on the cost of foreign currency securities that amounted to $13,598. The determination of unrealized gains is further discussed under the heading "**Investing Activities**" as presented elsewhere herein.

Results of operations - three months ended September 30, 2012

In the three months ended September 30, 2012, the Company recognized a loss of $108,564 on its portfolio of investments at fair value that were acquired during the year ended 2012 and for which there was no comparative loss or gain recognized in the prior year.

Net income and comprehensive income for the three months ended September 30, 2012 amounted to a loss of $100,520 or $0.01 per share (2011 - income of $15,319,495 or $0.28 per share) based on a weighted average number of shares outstanding of 16,652,135 common shares (2011 - 54,196,079 common shares). Operating expenses for the three months ended September 30, 2012 totalled $114,858 (2011 - $390,763). Accordingly, substantially the majority of the 2012-2011 variance was attributable to charges against income after operating expenses which for the three-month period ended September 30, 2012 amounted to net income of $18,082 (2011 - net income of $15,710,258). The fourth quarter 2011 figures included a $11,814,074 gain recognized on the PRC Disposition as well as a $4,260,000 operating profit attributable to the Company's equity share of income generated from the PRC interests held in the period from June 30, 2011 through disposition on September 28, 2011. The forgoing 2011 PRC income recognition was offset by interest costs on the convertible debentures that amounted to $370,864 in 2011 when the face value of the debentures outstanding amounted to $10,449,000 compared to $10,725 incurred in the three months ended September 30, 2012 when the face value of the debentures outstanding amounted to $330,000 following completion of the SIB on December 28, 2011.

Excluding stock-based compensation that amounted to $nil in the three-month period ended September 30, 2012 (2011 - $49,000) operating expenses for the twelve month periods ended September 30, 2012 and 2011 amounted to $114,858 and $341,763 respectively to result in a total decline in 2012 $226,905. Substantially all of this reduction is attributable to a $64,258 reduction in professional fees from $96,936 in 2011 and the fact that 2011 figures included a $150,000 executive bonus. As of the current date, the company has not granted any executive bonuses with respect to the year ended September 30, 2012 or in the period since that time.

The changes in the weighted average number of shares outstanding is attributable to the cancellation of 38 million common shares on completion of the SIB on December 28, 2011.

Summary of NEMI's Quarterly Results (unaudited)

	September 2012	June 2012	March 2012	December 2011	September 2011	June 2011	March 2011	December 2010
	$		$	$	$	$	$	$
Total revenues	**nil**	nil	nil	nil	nil	nil	nil	nil
Net income (loss)[2]	**(100,520)**	4,822,504	52,720	(882,042)	15,319,496	1,234,827	(1,603,634)	(1,406,876)
Share of Income (loss) from PRC operations	**nil**	nil	nil	nil	4,260,000	1,819,000	(1,005,000)	(827,000)
Income (loss) per share - basic	**(0.01)**	0.29	-	(0.02)	0.29	0.02	(0.03)	(0.03)
Investments at fair value	**15,898,388**	11,076,351	4,597,683	447,471	nil	nil	nil	nil
Investment in Peace River Coal LP[2]	**nil**	nil	nil	nil	nil	56,800,345	54,981,345	55,986,345
Total assets[3]	**27,505,320**	27,628,599	22,613,735	22,911,424	76,113,961	60,204,221	58,936,420	60,454,643

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.

Liquidity and Capital Resources

As at September 30, 2012, the Company had working capital of $26,915,967 (December 31, 2012 - approximately 25.2 million), including cash and cash equivalents that totaled $11,516,504 (December 31, 2012 - approximately $7.5).

Contractual Obligations

The annual estimated commitment under the Company's office lease including annual rent and estimated operating expense for the year ending September 30, 2013 totals $58,000. The lease expires on August 31, 2013.

Key Management Compensation

The retention of certain key management personnel is subject to a management agreement, the terms of which are on a month-to-month basis with no fixed expiry date. Upon resignation at the Company's request or in the event of a change of control, these agreements provide for termination benefits that can include unpaid bonuses (currently amounting to $150,000) and termination benefits equal to one month's severance.

Some key management personnel, or their related parties, may hold positions in other entities whose services are retained by the Company. In such instances, these appointments result in the Company's key anagement personnel representing those related parties in which they hold control or significant influence over the financial or operating policies of these entities. Details of transactions with these related parties can be found in the discussion presented under **"Related Parties"** as presented elsewhere herein.

Key management includes current and former senior officers and directors (executive and non-executive) of the Company. The Company incurred the following expenditures for services and short term benefits provided to the Company by key management as follows:

	2012	2011
	$	$
Remuneration and benefits	**225,750**	393,658
Directors fees	**56,500**	56,500
Stock-based compensation	**97,400**	142,000
	379,650	592,158

The amounts charged were the exchange amounts, which was the amount of consideration established and agreed upon by the parties.

Included in accounts payable and accrued liabilities as at September 30, 2012 is $165,000 (2011 - $302,851) due to the key management in provision of the above referenced and/or out-of-pocket expenses incurred by the individuals in the course of fulfilling their respective responsibilities. The amounts owing were unsecured, non-interest bearing and due on demand.

Related Parties

Since March 16, 2012, upon subscribing for shares in BEM, NEMI's Chief Executive Officer who is retained as a Company employee and a director whose compensation is included in the disclosure under **"Key Management Compensation"** has also been a director of BEM. Other than for the share subscription as disclosed under the heading **"Investing Activities"** as presented elsewhere herein, the Company has not engaged in any other commercial transactions with BEM.

On November 26, 2012 NEMI's chief Executive Officer was also appointed a director of Vangold Resources Corp. as disclosed under the heading **"Investing Activities"** as presented elsewhere herein, following the Company's subscription for 2,250,000 Vangold common shares or approximately 18.1% of Vangold. During December 2012, pursuant to the terms of a secondary Vangold private placement offering, the Company subscribed for an additional 850,000 Vangold shares at a total cost of $97,750 to increase its ownership interest to 19.8% that includes the purchase of an additional 47,000 shares on the open market. Other than the Vangold Loan as disclosed under the heading **"Investing Activities"** as presented elsewhere herein, that the Company extended in June 2012, the Company has not engaged in any other commercial transactions with Vangold.

International Financial Reporting Standards ("IFRS")

For fiscal years beginning after January 1, 2011 Canadian publicly listed 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 the Company is October 1, 2010.

The Company's IFRS conversion team 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.

As disclosed in notes 2, and 6 to the accompanying audited consolidated financial statements for the year ended September 30, 2012, implementation of accounting policies under IFRS did not result in any changes to the accounts.

The conversion to IFRS has had minimal impact on the financial record keeping and financial disclosures of the Company. Internal controls were unaffected by the IFRS conversion. Accounting systems have been assessed and re-configured as required to ensure accurate reporting under IFRS, both internally and externally.

Transitional Financial Impact

In the process of completing the transition to IFRS, 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.

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).

Post-implementation

The post-implementation phase will involve continuous monitoring of changes in IFRS in future periods. It should also be noted that the standard setting bodies that determine IFRS have significant ongoing projects that could impact the IFRS accounting policies that the Company has selected. In particular, there may be additional new or revised IFRS policies or further interpretations from the International Financial Reporting Issues Committee ("IFRIC") in relation to consolidation, financial instruments, and leases. It should also be noted that the International Accounting Standards Board is currently working on an extractive industries project, which could significantly impact the Company's financial statements primarily in the areas of capitalization of exploration costs and disclosures. The Company has processes in place to ensure that potential changes are monitored and evaluated. The impact of any new policies under IFRS and IFRIC interpretations will be evaluated as they are drafted and published.

IFRS 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 completed its assessment of the impact that the new and amended standards will have on its financial statements or whether to early adopt any of the new requirements. The following is a brief summary of the principal new standards:

IFRS-9 - *Financial Instruments* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for de-recognition. IFRS-9 is expected to be published in three parts. The first part, Phase 1 – classification and measurement of financial instruments sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Phase 1 simplifies the measurement of financial assets by classifying all financial assets as those being recorded at amortized cost or being recorded at fair value. Phase 1 is effective for periods beginning on or after January 1, 2015, although earlier adoption is allowed. Except for certain additional disclosures, the adoption of this standard is not expected to have an impact on the Company's financial statements.

In 2011, the International Accounting Standards Board ("IASB") issued the following new and revised IFRSs effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted providing that IFRS-10, IFRS-11, IFRS-12, IAS-27 and IAS-28 are adopted together, except that IFRS-12 may be adopted earlier. The Company is currently assessing the impact of adopting these pronouncements.

IFRS-10 - *Consolidated Financial Statements* builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. IFRS-10 replaces those parts

of IAS-27 Consolidated and Separate Financial Statements (revised 2011) that address when and how an entity should prepare consolidated financial statements and replaces SIC-12 Consolidation – Special Purpose Entities in its entirety. IAS-27 retains the current guidance for separate financial statements.

IFRS-11 - *Joint Arrangements* provides for a more substance based reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS-11 supersedes IAS-31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. IAS-28 Investments in Associates and Joint Ventures (revised 2011) has been amended to conform to changes based on the issuance of IFRS-10 and IFRS-11.

IFRS-12 - *Disclosure of Interests in Other Entities* requires extensive disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. An entity is required to disclose information that helps users of its financial statements evaluate the nature of and risks associated with its interests in other entities and the effects of those interests on its financial statements. The effective date of IFRS-12 is January 1, 2013 but entities are permitted to incorporate any of the new disclosures in their financial statements before that date.

IFRS-13 - *Fair Value Measurement* establishes a single framework for measuring fair values. This standard applies to all transactions and balances (whether financial or non-financial) for which IFRS requires or permits fair value measurements, with the exception of share-based payment transactions accounted for under IFRS-2 Share-based Payment and leasing transactions within the scope of IAS-17 Leases. IFRS-13 defines fair value, provides guidance on its determination and introduces consistent requirements for disclosures on fair value measurements.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances, but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant estimates include valuation of investments at fair value, share-based payments, bifurcation of convertible debentures, impairment of PRC interest, and income taxes.

(i) Valuation of investments at fair value

The Company recognizes its investments at fair value. Fair value is determined on the basis of market prices from independent sources, if available. If there is no market price, then the fair value is determined by using valuation models. The inputs to these models, such as discount rates and gold curve prices, are derived from observable market data where possible, but where observable data is not available, judgment is required to establish fair values.

There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect reported fair values.

(ii) Share-based payments

All equity-settled, share-based awards issued by the Company are recorded at fair value using the Black-Scholes option-pricing model. In assessing the fair value of equity-based compensation,

estimates have to be made regarding the expected volatility in share price, option life, dividend yield, risk-free rate and estimated forfeitures at the initial grant date.

(iii) Bifurcation of convertible debentures

On issuing its convertible debentures, the Company allocated the proceeds of issuance to the fair value of the liability component first and treated the equity component as a residual. The liability component was measured, at fair value using interest rates based on management's estimates of prevailing interest rates for similar debt without an associated equity conversion feature at the time the transaction closed. Thereafter the liability component is accounted for in accordance with the rules for measurement of financial liabilities under IAS 39, Financial Instruments: Recognition and Measurement.

(iv) Impairment of PRC interest

For the purposes of determining whether impairment of the PRC interests had occurred, and the extent of any impairment or its reversal, the key assumptions the Company used in estimating future cash flows were future coal prices, expected production volumes and anticipated recoverable quantities of proved and probable reserves along with valuations applied to similar or comparable assets sold in the prevailing markets. Such assumptions are subject to change as new information becomes available. As the PRC interests were sold in September 2011, these estimates no longer apply to the Company's operations.

(v) Income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets (if any) are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable profits available to offset the tax assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in profit or loss in the period in which the change occurs.

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, these consolidated financial statements continue to be prepared on a going concern basis.

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

a) Fair value risk

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. The Company is also exposed to fair value risk as a result of its principal trading activities in investments at fair value which can include investments in publicly traded securities, private company equity securities, debt securities and derivative financial instruments or instruments in which there exists an embedded derivative. All of the Company's investments at fair value are carried on a fair

value through profit or loss basis and recorded at their fair value. As such, changes in fair value affect earnings as they occur.

The following table summarizes the effect on net income as a result of fair value change in investments at fair value as at September 30, 2012. This analysis assumes all other variables remain constant in accordance with the company's established accounting policies:

	September 30, 2012		
	Reported carrying value	Effect of a 10% change in value on net income	
		Increase	(Decrease)
	$	$	$
Investments at fair value	15,898,388	1,589,839	(1,589,839)

During the year ended September 30, 2011, the Company did not hold any comparative investments. As all of the investments at fair value are carried on a fair value through profit or loss basis, changes in the market value are included in income for the year and have no potential effect on other comprehensive income.

As of September 30, 2012, the determination of estimated fair value of the Company's investments at fair value was as follows:

	September 30 2012	Estimated fair values		
		Level 1	Level 2	Level 3
	$	$	$	$
Publicly traded securities	4,808,388	4,808,388	-	-
Private company equity securities	9,000,000	-	9,000,000	-
Loans	2,090,000	-	-	2,090,000

As at September 30, 2011 or October 1, 2010, that Company did not hold any comparative assets.

b) 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. For every 1% change in the US-Canadian exchange rate, as at September 30, 2012, the Company is exposed to currency losses as follows:

	Reported fair value	Effect of a 100 bps change in interest rates	
		Increase	(Decrease)
	$	$	$
Approximate US$ investment in:			
Publicly traded securities	816,422	8,164	(8,164)
Loans	1,590,000	15,900	(15,900)
	2,406,422	24,064	(24,064)

As at September 30, 2012, except for investments at fair value having a market value of approximately $2,406,422 (US$2,447,572) (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.

This foregoing sensitivity analysis discussion assumes all other variables are constant. The methodology used to calculate the interest rate sensitivity in each of the two years presented is consistent.

c) 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 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.

As at September 30, 2012, investments at fair value included loans to third parties having an estimated fair value of approximately $2,090,000. These loans have been extended under circumstances that carry considerable risk. In recognition of these risks, the Company has sought collateral over the assets of each respective lender. In addition, management has negotiated terms and restrictions on the operations of the borrowers in an effort to mitigate against the possibility of a sudden impairment of the underlying assets. Nonetheless, there can be no assurance that these procedures will not result in the foreclosure on the loans, and in the event of foreclosure, that liquidation proceeds will be sufficient to recover the full amount of the loan value and any related costs incurred in the process of completing such a foreclosure.

d) 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.

e) Market risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

f) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value or future cash flows of financial instruments held by the Company. The Company incurs interest rate risk on its cash and cash equivalents balances as well as with respect to loans held within its portfolio of investments at fair value. The Company attempts to minimize and monitor its exposure to interest rate risk by fixing rates of interest on its loans that are well in excess of normal market rates. The company does not engage in the trading of futures in order to mitigate interest rate risk.

All cash and cash equivalents mature within three months.

The following table provides the effect on net income (loss) for the years ended September 30, 2012 and 2011 if interest rates had increased or decreased by 100 basis points ("bps") applied to the reported balances as of those respective dates. This sensitivity analysis assumes all other variables are constant. The methodology used to calculate the interest rate sensitivity in each of the two years presented is consistent.

		September 30, 2012	
	Reported carrying	**Effect of a 100 bps change in interest rates**	
Financial instrument	**value**	**Increase**	**(Decrease)**
	$	**$**	**$**
Cash and cash equivalents	**11,516,054**	**115,161**	**(115,161)**
Loans included in investments at fair value	**2,090,000**	**20,900**	**(20,900)**

		September 30, 2011	
	Reported carrying	**Effect of a 100 bps change in interest rates**	
Financial instrument	**value**	**Increase**	**(Decrease)**
	$	**$**	**$**
Cash and cash equivalents	**75,997,850**	**759,979**	**(759,979)**

Management of Capital

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

In addition to its cash holdings and investments at fair value, the Company considers shareholders' equity, long term debt or debentures and short term borrowing to be components, from time to time, of capital under management. The Company does not currently have any short term credit facilities in place.

Current investment activity as it pertains to the management of the Company's investments at fair value is ultimately limited to the extent of the Company's ability to liquidate existing investments on a timely and profitable basis and by the Company's ability to secure new financing through the issuance of 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 were as follows:

	September 30, 2012		**September 30, 2011**	
	$	**ratio**	$	ratio
Debt to equity				
Convertible debentures	**323,745**		10,152,133	
Shareholders' equity	**26,927,531**	**-**	65,110,581	-
Current asset to current liabilities				
Current assets	**27,493,756**		76,097,863	
Current liabilities	**254,044**	**108 : 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 January 25, 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	16,652,135
Options Outstanding	
Common class A shares, having a weighted average exercise price of $0.80 each	1,050,000
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]	366,666

[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 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 NEMI's portfolio of investments at fair value 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. Acquisition of one or more investments at fair value 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 market for investments at fair value

NEMI's portfolio of investments at fair value may include illiquid securities in both public and private issuer investees respectively. 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 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.

In addition to investments in privately held companies, 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 portfolio of investments at fair value 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 publicly traded securities as well as private company equity securities and loans are subject to volatility. 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 portfolio of investments at fair value as well as that of its own common shares.

- No guaranteed return

There is no guarantee NEMI's portfolio of investments at fair value 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 investment purchases may not reveal all facts that may be relevant to making such 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 / investment income

NEMI generates cash flow and investment income primarily from proceeds received on disposition of investments at fair value, 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 portfolio of investments at fair value declines, resulting in unrealized mark-to-market losses or realized 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 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 portfolio of investments at fair value.

- Non-controlling interests

NEMI's investments at fair value 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 under which investee companies operate 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 NEMI's portfolio of investments at fair value could decline to the detriment of the Company's financial position, results of operations, 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 its 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.

- On-going active business operations

The Company has only recently commenced its merchant banking operations and there can be no assurance that the Company will be able to generate 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 development of the Company's portfolio of investments at fair value 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 an 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 an 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 an 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 transaction 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

Although the Company's shares now trade on the CNSX, trading in the common shares of the Company may be halted or suspended from time-to-time for any number of 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 September 30, 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 year ended September 30, 2012.

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 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 September 30, 2012, 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 year ended September 30, 2012.

Outlook

As at January 25, 2013, with approximately $25 million in working capital including cash and cash equivalents totaling approximately $7.3 million, the Company remains 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.

As a condition for listing on the CNSX, the Company files monthly progress reports on the CNSX website at www.cnsx.ca.