The following information, prepared as of May 30, 2013 should be read in conjunction with the unaudited condensed interim consolidated financial statements of NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") for the six months ended March 31, 2013 as well as the Company's audited consolidated financial statements and related MD&A 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.

The Company's critical accounting estimates, significant accounting policies and risk factors as disclosed in the audited financial statements for the year ended September 30, 2012 have remained substantially unchanged and are still applicable to the Company unless specifically disclosed otherwise. For a description of the material factors, among others that could cause the Company's actual results to differ materially from those contemplated within the scope of forward-looking statements disclosed in this MD&A, refer to the discussion presented elsewhere herein under the headings "Risks and uncertainties" and the discussion of financial risks as presented under the heading "Financial Instruments".

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 disclosed 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 investment 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 companies which NEMI's management believes are undervalued. The ultimate objective of these investments is capital appreciation 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.*

Up until September 2011, 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.

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 May 30, 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

In the latter part of the three months ended March 31, 2013 and in the period since that time, management has sought to reduce its investment portfolio risk exposure in the face of sustained declines in prevailing capital markets, especially as they relate to publicly traded securities in the junior resource sector and related capital markets. The market value / cost of the marketable securities slipped from approximately $7.8 / $8.7 million on February 28, 2013 to the $4.0 / $7.3 million range on May 30, 2013. The May figures reflect further dispositions since March 31, 2013 having market value / cost in the order of $1.3 / $1.7 million to result in further realized losses of approximately $0.4 million.

The foregoing publicly traded security liquidations since March 31, 2013 were offset by a $437,500 increase in publicly traded securities acquired by the Company on conversion of a $500,000 demand loan to Vangold Resources Inc. (the "Vangold Loan Conversion ") in order to realize on the loan security when it became apparent to management that it was more likely than not that the borrower would be unable to meet the repayment obligations when they became due. In addition, since March 31, 2013, the Company has made purchases on the open market totaling approximately $237,000. As at May 30, 2013, cash and cash equivalents approximated $6.9 million.

Results for the three months ended March 31, 2013 include a $62,500 provision for unrealized losses on the Vangold Loan conversion and was charged to income as a component of the $1,524,428 loss on investments at fair value ($1,964,208 - 6 months ended) which also included unrealized losses of $1,717,511 for the three months ended March 31, 2013 ($2,190,617 - six months ended), a significant portion of which was incurred in March when unrealized losses on publicly traded securities increased by approximately $1.5 million from $0.866 million at the end of February 2013 to $2.462 million at the end of March. By May 30, 2013, unrealized losses on publicly traded had increased to approximately $3.2 million to result in further estimated unrealized losses $0.7 million since March 31, 2013.

With respect to its gold loan to American Bonanza Gold Corp. (the "BZA Gold Loan"), in light of delays encountered by the borrower to advance its project and in order to strengthen its security on existing loan advances, on April 1, 2013, the Company agreed to defer the repayment schedule by 5 months and increased the amount of this loan by US$400,00 to a total of US$2.1 million in consideration for which, subject to regulatory approval, the Company secured an additional 600,000 BZA share purchase warrants that are exercisable at anytime over a two year period from the date of issue. In addition the Company's call option to take gold production at a price of US$1,200 in lieu of repayment in cash was reduced to US$1,100. Engineering studies and an independent assessment of the BZA mine development plan continue to support the economic viability of the BZA development plan despite on-going delays that BZA has encountered. As at September 30, 2012, on determination of the estimated fair value of the BZA Gold Loan, the Company had recorded a $134,000 mark to market unrealized gain with respect to this loan. This amount has been determined largely on the basis of the $1,200 US call option which was significantly lower than the then prevailing gold prices and related consensus market predictions. With the declining gold prices in the period since the beginning of March 2013 and consideration of other pertinent factors, $134,000 unrealized gain was reversed as the indicated fair value of the BZA Gold Loan as at March 31, 2013 amounted to US$1,700,000 (approximately $1,726,520).

As of May 30, 2013, the Company does not believe any write-down of its investment in private equity securities that consists of 5,200,000 shares Black Eagle Mining Ltd. ("BEM") acquired at a cost of $4.050 million (average cost $0.77885 per share) is warranted. Currently the Company is carrying an unrealized gain of $5.310 million based on the total estimated reported fair value $9.360 million. This market value is based on a value of $1.80 per share that BEM received from third parties on its most recent financing. Following completion of a one year exploration program that resulted in enhancing the resource potential on BEM's coal property, BEM is in the process of securing another financing which it believes will be equal to or exceed $1.80 despite prevailing market conditions.

As at March 31, 2013, the Company's cash position amounted to $6,292,770 (September 30, 2012 - $11,516,054) with total assets of $24,275,068 (2011 - $27,505,320) and net worth of $23,922,662 (September 30, 2012 - $26,927,531) on 16,652,135 shares outstanding (September 30, 2012 - 16,652,135).

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 March 31, 2013, the Company held investments at fair value of $17,816,887 having a cost value of $15,032,048 (September 30, 2012 - $15,898,388, cost - $10,922,932) which included:

a) **Publicly traded securities**

As at March 31, 2013, the Company's portfolio of publicly traded securities, all of which were purchased on the open market or pursuant to private placement subscriptions had a quoted value of $6,177,867 and a cost value of $8,640,528 (September 30, 2012 - $4,808,388, cost - $5,216,432). The Company's publicly traded securities 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, as well as escrow restrictions, if applicable.

As at March 31, 2013, publicly traded securities included securities subject to escrow having an estimated fair value of $109,775 (trading value as at March 31, 2013 - $347,619. The shares will be released from escrow as to approximately 21.4% each on June 21, 2013 and December 21, 2013, respectively, with the balance of approximately 57.2% scheduled to be released on June 21, 2014. In addition as at March 31, 2013, publicly traded securities included securities having a quoted market value of $212,000 that were subject to a maximum four-month hold period, the latest of which expires on July 20, 2013. As of May 30, 2013, the hold period on all but $60,000 of the quoted value as at March 31, 2013 had expired. With respect to In the process of determining the market value of the securities subject to hold periods or escrow restrictions, management has recognized appropriate discounts to currently prevailing market prices as quoted for each respective security. In the process of determining these discounts, in addition to the quoted trading value of freely traded shares, management relies on techniques for which all inputs having a significant effect on the recorded value are observable, either directly or indirectly

b) Private company equity securities

During the three months ended March 31, 2013, the Company acquired an additional 200,000 shares of BEM at a price of $1.50 each, a discount from the carrying value of $1.80.

c) Loans

Loan to Vangold Resources Ltd.

As at September 30, 2012, the Company had extended a $500,000, 20 percent one year term loan to Vangold Resources Ltd. (**Related parties**) that was due on July 4, 2013 (the "Vangold Loan)". As at March 31, 2013, although all payments on the loan were current, management believed that it was more likely than not that the borrower would be unable to meet the repayment obligations when they became due. On April 26, 2013, NEMI realized its security on the loan which consisted of 12,690,333 common shares of Coppermoly Limited (ASX:"COY" - the "Coppermoly Shares") having an approximate market value of $437,500 (AUD$0.033 each). The fair value of the Vangold Loan as at March 31, 2013, was recorded at $437,500 to result in recognition of unrealized losses in the value of the loan of $62,500. On receipt of Coppermoly Shares in April 2013, the Vangold Loan was cancelled and the loss on conversion was reclassified from an unrealized loss to a realized loss.

Loan to American Bonanza Gold Corp. ("BZA")

As at September 30, 2012, the Company had extended a US$1,500,000 loan to BZA (the "BZA Gold Loan"). The significant terms of the underlying loan agreement provided for an interest rate of 12% and a maturity date of November 14, 2013 with repayment due in eight equal monthly installments commencing March 14, 2013. In addition, the terms also provided that the Company could elect to

receive any payments on principle otherwise due in the form of 1250 London good delivery gold ounces ("Gold Ounces") at a stated price of US$1,200 per ounce (the "$1,200 Call Option"). As at September 30, 2012, in recognition of the $1,200 Call Option, in the process of reviewing the fair market value of the BZA Gold Loan, management had accorded an unrealized mark to market gain on the value of the loan in the amount $134,000 and after recognition of prevailing US - Canadian dollar foreign exchange considerations, the loan carried a fair value of $1,590,500 as at September 30, 2012. During the six months ended March 31, 2013, the Company advanced an additional US$200,000 to BZA.

On April 1, 2013, the Company advanced an additional US$400,000 in consideration for an Amended and Restated Secured Promissory Note and Guaranty bringing the total advanced to BZA up to US$2,100,000 (approximately $2,132,800 - the "Amended BZA Gold Loan"). Among the amended and revised terms and conditions provided under the Amended BZA Gold Loan was a reduction in the stated call option from the original US$1,200 to US$1,100 per ounce (the "Amended the $1,100 Call Option") along with an increase in the maximum number of Gold Ounces from 1250 ounces to 1,909 ounces. In addition, subject to regulatory approval, NEMI secured another 600,000 BZA common share purchase warrants exercisable at a price of $0.20 each for a period of two years from the date of issuance. Under the terms of the Amended BZA Gold Loan, the maturity date has been extended to August 1, 2014 and the loan is repayable in 12 equal monthly installments commencing on September 1, 2013. All other terms and security granted under the terms of the Amended BZA Gold Loan remain substantially unchanged from the provisions of the original agreement. After assessing, prevailing market conditions and related loan performance considerations among other factors, as at March 31, 2013, the fair value of the BZA Gold Loan was estimated to equal US$1,700,000 (approximately $1,726,520) which amounted to the principle advanced and the unrealized $134,000 mark-to-market gain recorded at September 30, 2012 was reversed.

Capital expenditures

During the three months ended March 31, 2013, the Company did not make any capital expenditures.

Financing Activities

On December 11, 2012, the Company announced a $0.05 dividend to shareholders of record on December 18, 2012. On December 31, 2012, the total payment on 16,652,135 shares outstanding amounted to $832,607.

On March 12, 2013, the $330,000 balance of convertible debentures became due and was fully repaid along with unpaid interest that amounted to $5,135. The debentures were convertible into common shares at any time up until maturity at a conversion price of $0.90 each. On maturity, none of the debenture holders exercised the conversion right.

NEMI Corporate Operations

Following the PRC Disposition on September 28, 2011, 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 two issues, management concurrently initiated its investment activities pursuant to its merchant banking objectives.

The Company maintains a small corporate office in Vancouver. Management 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 management, 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.

The following discussion of the results of corporate operations for the three and six-month periods ended March 31, 2013 and 2012 are presented below in this context.

Operations

Results of operations - three months ended March 31, 2013

In the three months ended March 31, 2013, the Company recognized a loss and comprehensive loss of $1,571,252 or $0.09 per share on a weighted average number of shares totalling 16,652,135 (2012 - income and comprehensive income of $52,720 or $0.00 per share on 16,568,135 shares).

The 2013 results included net investment losses of $1,524,428 (2012 - net investment gains of $72,378). Net investment income (loss) for the three months ended March 2013 included interest in the amount of $121,769 (2012 - $135,009). In addition to interest earned on its loan portfolio that amounted to approximately $106,148, current year interest includes approximately $15,621 earned on surplus funds held in bank (2012 - $135,009). Prior year interest includes interest earned on approximately $18-$20 million in cash that remained on account in the period through March 31, 2012 following completion of the SIB that closed in December 31, 2011. The Company did not earn any comparative loan interest income in the prior year, as the Company did not advance any loans until July 2012. Results for 2012 also include $72,378 in unrealized gains recorded on the investment at fair value portfolio that amounted to $847,683 compared to a loss of $1,524,428 on a $17,816,887 investment portfolio as at March 31, 2013.

Prior year expenses also included interest of $10,024 attributable to convertible debentures outstanding that amounted to $330,000 through the three-month period that ended March 31, 2012 following the $10,119,000 convertible debenture retirement on December 28, 2011 in conjunction with the SIB. On March 12, 2013, the remaining convertible debenture balance of $330,000 matured. Lower interest costs incurred in the current year reflect the shortened period over which interest accrued.

Operating expenses for the three months ended March 31, 2013 totalled $160,054 (2012 - $140,793) for an overall increase of $19,261. Increases for the 2013 period included provision for an increase in remuneration and benefits to result in increased operating expense of $28,345 of which $15,000 pertains to increased salaries and the remaining $13,345 is largely attributable to increased CFO and accounting service requirements particularly as they relate to accounting for the investment portfolio and related increased regulatory disclosure requirements. With respect to the remaining operating expenses, the Company has reduced expenditure levels largely as a result of the fact current year expenditures do not include the significant amounts that were incurred in the prior year pursuant to completion of the SIB and securing the listing on the CNSX in the prior year.

Results of operations - six months ended March 31, 2013

In the six months ended March 31, 2013, the Company recognized a loss and comprehensive loss of $2,172,262 or $0.13 per share on a weighted average number of shares totalling 16,652,135 shares (2012 - loss of $833,066 or $0.03 per share on 26,827,269 shares). The decrease 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.

The 2013 results included net investment losses of $1,727,235 (2012 - net investment gains of $332,334. Net investment income (loss) for the prior period included interest in the amount of $236,973 (2012 - $233,286). In addition to approximately $195,571 in interest earned on its loan portfolio, current year interest also includes approximately $41,402 earned on surplus funds held in bank (2012 - $233,286). Prior year interest includes interest earned on the $73 million proceeds attributable to the PRC disposition on September 28, 2011 that remained on account until the SIB closed on December 31, 2011. The Company did not earn any comparative loan interest income In the prior year, as the Company did not extend any loans until July 2012. Results for 2012 also include $77,077 in unrealized gains recorded on investments at fair value that amounted to $847,683 compared to a loss of $1,830,208 on an investment base of $17,950,887 as at March 31, 2013.

Prior year interest expense included $444,278 attributable to convertible debentures outstanding that totalled $10,449,000 for the period prior to December 31, 2011 which included the $10,119,000 convertible debenture retirement on December 28. 2011. In addition on the December 2011 retirement of the convertible debentures, the Company also expensed a $307,705 premium paid pursuant to the debt

retirement as well as $45,675 in related transaction costs to bring total cost incurred pursuant to the convertible debentures in the six months ended March 31, 2012 to $797,659. Comparative costs incurred for the six months ended March 31, 2013 on the remaining balance of $330,000 in convertible debentures amounted to $18,043.

Operating expenses for the six months ended March 31, 2013 totalled $425,526 (2012 - $360,047) for an overall increase of $65,479. Increases for the 2013 period included provision for an increase in remuneration and benefits to result in increased operating expense of $68,009 of which $30,000 pertains to increased salaries and the remaining $38,009 is largely attributable to increased CFO and accounting requirements particularly as they relate to accounting for the investment portfolio and related increased regulatory disclosure requirements. With respect to the remaining operating expenses, the Company has reduced expenditure levels largely as a result of the fact current year expenditures do not include the significant amounts that were incurred in the prior year pursuant to completion of the SIB and securing the listing on the CNSX in the prior year. The two exceptions to the decline in general operating expenses other than remuneration and benefits was travel and accommodation which increased by $13,687 from $11,132 in 2012 to $24,819 in 2013 and professional fees which remain substantially unchanged at $119,233 for 2013 compared to $123,494 and 2012. Professional fees have generally held steady in view of the fact that the Company secures outside advice with respect to the acquisition of some of its investments, particularly as they relate to the extension of loans and private placement subscriptions and related negotiations. Travel and accommodation expenses in 2013 have increased due to the fact that the Company now has two additional directors and from time to time it is necessary for management to attend on site to review the underlying operations that relate to some of the investments.

Summary of NEMI's Quarterly Results (unaudited)

	March 2013	December 2012	September 2012	June 2012
	$	$	$	$
Balance sheet				
Cash	**6,292,770**	7,634,672	11,516,054	16,361,719
Investments at fair value	**17,816,887**	18,377,093	15,898,388	11,076,351
Investment in PRC	**nil**	nil	nil	nil
Total assets[3]	**24,275,068**	26,139,345	27,505,320	27,628,599
Income statement				
Total revenues	**nil**	nil	nil	nil
Net investment (loss) income	**(1,402,660)**	(324,575)	(205,805)	5,166,921
Share of income (loss) from PRC operations	**nil**	nil	nil	nil
Net income (loss)2	**(1,571,252)**	(601,010)	(100,520)	4,822,504
(Loss) income per share				
- basic	**(0.09)**	(0.04)	(0.01)	0.29
Shares outstanding (end of period)	**16,652,135**	16,652,135	16,652,135	16,652,135

	March 2012	December 2011	September 2011	June 2011
	$	$	$	$
Balance sheet				
Cash	17,852,126	22,330,408	75,997,850	2,634,385
Investments at fair value	4,597,683	447,471	nil	nil
Investment in PRC	nil	nil	nil	56,800,345
Total assets[3]	22,613,735	22,911,424	76,113,961	60,204,221
Income statement				
Total revenues	nil	nil	nil	nil
Net investment (loss) income	207,387	124,947	nil	nil
Share of income (loss) from PRC operations	nil	nil	4,260,000	1,819,000
Net income (loss)2	52,720	(885,786)	15,319,496	1,234,827
(Loss) income per share				
- basic	-	(0.02)	0.29	0.02
Shares outstanding (end of period)	16,568,135	16,568,135	54,808,135	54,941,635

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 March 31, 2013, the Company had working capital of $23,916,880 (September 30, 2011 - $26,915,967) including cash and cash equivalents that totaled $6,292,770 (September 30, 2011 - $11,516,504).

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 $25,000. The Company does not have any other on-going commitments.

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, in addition to termination benefits equal to one month's severance, these agreements provide for termination benefits that can include unpaid bonuses that currently includes a conditional general performance and retention bonus of $150,000 which is only payable if, as, and to the extent that the CEO exercises certain options. The full amount of this bonus was accrued in the audited consolidated financial statements for the year ended September 30, 2010.

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 management 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 is as disclosed herein under the heading "**Related Parties**".

Key management includes current and former senior officers and directors (executive and non-executive) of the Company. The cost for services and short term benefits provided to the Company by key management has been recorded on the consolidated statement of loss and comprehensive loss and included in reported expenses as follows:

	Periods ended March 31			
	Three months		Six months	
	2013	2012	**2013**	2012
	$	$	**$**	$
Remuneration and benefits	**81,575**	48,400	**172,750**	111,625
Directors fees	**12,500**	13,500	**25,000**	27,000
	94,075	61,900	**197,750**	138,625

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 March 31, 2013 is $246,235 (September 30, 2012 - $165,000) due to the key management in consideration for unpaid remuneration and benefits and / or out-of-pocket expenses incurred in the course of fulfilling their responsibilities. The amounts owing were unsecured, non-interest bearing and due on demand.

Related Parties

As at March 31, 2013, the Company's investments at fair value include private company equity securities of $9,360,000 which amounts to a 14.0% interest in Back Eagle Mining Corp, ("BEM") as well as investments in Vangold including a $500,000 Vangold Loan (fair value $437,500) on which the Company has recorded an unrealized loss of $62,500 and an equity interest consisting of 3,527,000 Vangold common shares having a market value of $423,240 (cost $418,391) which amounts to a 17% equity interest in Vangold.

NEMI's Chief Executive Officer and Chairman is a director of BEM and Vangold. On May 14, 2013, a second NEMI director was appointed as a Vangold Director and interim Chief Financial Officer.

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 March 31, 2013. This analysis assumes all other variables remain constant in accordance with the company's established accounting policies:

	Reported carrying value	Effect of a 10% change in value on net income	
		Increase	(Decrease)
	$	$	$
Investments at fair value	**17,816,887**	**1,781,689**	**(1,781,689)**

As at March 31, 2013 investments at fair value held by the Company amounted to $17,816,887. 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 March 31, 2013, the determination of estimated fair value of the Company's investments at fair value was as follows:

	March 31	**Estimated fair values**		
	2013	**Level 1**	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
Publicly traded securities	**6,177,867**	**6,068,092**	**109,775**	**-**
Private company equity securities	**9,360,000**	**-**	**9,360,000**	**-**
Loans	**2,279,020**	**-**	-	**2,279,020**

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

	September 30	Estimated fair values		
	2012	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

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 March 31, 2013, the Company was 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	**643,515**	**6,435**	**(6,435)**
Loans	**1,700,000**	**17,000**	**(17,000)**
	2,343,515	**23,435**	**(23,435)**

As at March 31, 2013, except for investments at fair value having a market value of approximately $2,379,357 or approximately US$2,343,515, (September 30, 2012 - $2,406,422 or approximately US$2,447,572) 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 March 31, 2013, investments at fair value included loans to third parties having an estimated fair value of approximately $2,279,020,. 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 three months ended December 31, 2012 and the year ended September 30, 2012 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.

Financial instrument	Reported carrying value	Effect of a 100 bps change in interest rates Increase	(Decrease)
	$	$	$
Cash and cash equivalents	**6,292,770**	**62,928**	**(62,928)**
Loans included in investments at fair value	**2,279,020**	**22,790**	**(22,790)**

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:

	March 31, 2013		September 30, 2012	
	$	**ratio**	$	ratio
Debt to equity				
Convertible debentures	**-**		323,745	
Shareholders' equity	**23,922,662**	**-**	26,927,531	-
Current asset to current liabilities				
Current assets	**24,269,286**		27,493,756	
Current liabilities	**352,406**	**69:1**	254,044	108 : 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 May 30, 2013, 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	16,752,135
Options Outstanding	
Common class A shares, having a weighted average exercise price of $0.80 each	950,000

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 three months ended March 31, 2013.

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 March 31, 2013, 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 March 31, 2013.

Outlook

As at May 30, 2013, with approximately $22.4 million in working capital including cash and cash equivalents totaling approximately $6.9 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.