NEMI Northern Energy & Mining Inc.

Consolidated Financial Statements
For the year ended September 30, 2013

(Expressed in Canadian Dollars)

MANAGEMENT’S REPORT

The management of NEMI Northern Energy & Mining Inc. is responsible for the preparation of all information included in these consolidated financial statements and Management’s Discussion & Analysis (“MD&A”). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and adopted in Canada. Financial information that is presented in the MD&A is consistent with the consolidated financial statements.

In preparation of the consolidated financial statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been presented fairly in all material respects.

Management maintains appropriate systems of internal control that provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded from loss or unauthorized use and financial records provide reliable and accurate information for the presentation of consolidated financial statements.

Ernst & Young LLP, an independent firm of chartered accountants, was appointed by the shareholders to audit the consolidated financial statements of NEMI Northern Energy & Mining Inc. and provide an independent professional opinion. Their report is presented with the consolidated financial statements below.

The Board of Directors, through its Audit Committee, has reviewed the consolidated financial statements including notes thereto with management and Ernst & Young LLP. The Audit Committee is composed of independent directors. The Directors of NEMI Northern Energy & Mining Inc. approved the information contained in the consolidated financial statements based on the recommendation of the Audit Committee.

[signed] *”Michael Cooney"*

Michael Cooney
President and CEO

[signed] *”Robert Chisholm"*

Robert Chisholm
CFO

Vancouver, British Columbia
January 27, 2014

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
NEMI Northern Energy & Mining Inc.

We have audited the accompanying consolidated financial statements of **NEMI Northern Energy & Mining Inc.**, which comprise the consolidated statements of financial position as at September 30, 2013 and 2012, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **NEMI Northern Energy & Mining Inc.** as at September 30, 2013 ad 2012, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Vancouver, Canada,
January 27, 2014.

Chartered Accountants

NEMI Northern Energy & Mining Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	September 30 2013	September 30 2012
	$	$
ASSETS		
Current		
Cash and cash equivalents	**3,640,015**	11,516,054
Investment at fair value - note 6	**12,577,092**	15,898,388
Accounts receivable	**28,246**	17,369
GST/HST recoverable	**5,121**	4,441
Prepaid expenses and other	**82,352**	57,504
	16,332,826	27,493,756
Office furniture, equipment and improvements	**-**	11,564
	16,332,826	27,505,320
LIABILITIES		
Current		
Accounts payable and accrued liabilities - note 9	**330,770**	254,044
Convertible debentures due within one year - note 7	**-**	323,745
	330,770	577,789
SHAREHOLDERS' EQUITY		
Share capital - note 8	**12,462,512**	15,720,949
Share-based payment reserve	**6,652,215**	6,408,383
Equity portion of convertible debentures - note 7	**-**	50,822
Retained earnings (deficit)	**(3,112,671)**	4,747,377
	16,002,056	26,927,531
	16,332,826	27,505,320

Approved on behalf of the Board of Directors

[Signed]; "*Michael Cooney*", Director

[Signed]; "*Alex Shaw*", Director

The accompanying notes are an integral part of these financial statements.

NEMI Northern Energy & Mining Inc.

Consolidated Statements of Loss and Comprehensive Loss
Year ended September 30,
(Expressed in Canadian dollars)

		2013		2012
		$		$
Net investment (loss) income				
Interest and other income		**529,087**		400,767
Gains (losses) on investments at fair value - note 6		**(6,701,048)**		5,100,070
		(6,171,961)		5,500,837
Expenses				
Remuneration and benefits - note 9		**343,783**		226,785
Professional fees		**169,266**		243,375
Office		**145,745**		137,903
Shareholder communication		**16,171**		29,168
Directors fees - note 9		**50,000**		56,500
Share-based compensation - note 8		**229,000**		97,400
Depreciation		**8,673**		4,534
		962,638		795,665
Income (loss) before other items		**(7,134,599)**		4,705,172
Other expenses (income)				
Foreign exchange gains		**(127,524)**		(4,359)
Interest on current debt and bank charges		**2,323**		11,388
Interest, accretion and placement charges on convertible debentures - note 7		**18,043**		452,101
Premium paid on debenture retirement		**-**		307,705
Debt retirement transaction costs		**-**		45,675
		(107,158)		812,510
Net income (loss) and comprehensive income (loss) for the period		**(7,027,441)**		3,892,662
Earnings (loss) per share - basic	**$**	**(0.42)**	$	0.15
Weighted average number of shares outstanding		**16,691,505**		26,617,434
Earnings (loss) per share - diluted	**$**	**(0.42)**	$	0.14
Diluted number of shares outstanding		**16,691,505**		27,782,799

NEMI Northern Energy & Mining Inc.

Consolidated Statements of Cash Flows
Year ended September 30,
(Expressed in Canadian dollars)

	2013	2012
	$	$
Cash Flows From (Used In):		
Operating Activities		
Net income (loss) and comprehensive income (loss) for the period	**(7,027,441)**	3,892,662
Items not affecting cash:		
Accretion of debenture and deferred financing costs	**6,255**	228,272
Depreciation	**8,673**	4,534
Disposal of depreciable assets	**2,891**	-
Stock-based compensation	**229,000**	97,400
Unrealized losses (gains) on investments at fair value	**5,888,722**	(5,365,200)
Foreign exchange (gain) loss on marketable securities	**(74,851)**	13,598
Premium paid on debenture retirement	**-**	307,705
Debt retirement transaction costs	**-**	45,675
Holding losses in marketable securities	**-**	408,044
Purchases of marketable securities	**(7,225,747)**	(11,636,875)
Proceeds on disposition of marketable securities	**3,920,846**	838,557
Losses (gains) realized on sale of marketable securities	**812,326**	(156,512)
	(3,459,326)	(11,322,140)
Net changes in non-cash working capital items		
Accounts receivable	**(10,877)**	(11,865)
GST/HST recoverable	**(680)**	48,620
Prepaid expenses and other	**(24,848)**	(16,056)
Accounts payable and accrued liabilities	**76,726**	(597,203)
	(3,419,005)	(11,898,644)
Financing Activities		
Dividends paid	**(832,607)**	-
Return of capital	**(3,349,427)**	-
Paid on convertible debenture retirement at maturity	**(330,000)**	-
Proceeds received on exercise of stock options	**60,000**	43,940
Paid on shares repurchased - Normal Course issuer Bid	**(5,000)**	(228,900)
Paid on shares re-purchased - Substantial Issuer Bid	**-**	(40,434,359)
Paid on convertible debentures re-purchased - Substantial Issuer Bid	**-**	(11,963,833)
	(4,457,034)	(52,583,152)
Decrease in cash	**(7,876,039)**	(64,481,796)
Cash and equivalents -beginning of period	**11,516,054**	75,997,850
Cash and equivalents - end of period	**3,640,015**	11,516,054

Supplemental cash flow information - note 16

The accompanying notes are an integral part of these financial statements.

NEMI Northern Energy & Mining Inc.

Consolidated Statement of Changes in Equity
Year ended September 30,
(Expressed in Canadian dollars)

	Common shares	Share capital	Contributed surplus	Equity portion of convertible debentures	Retained earnings (deficit)	Total
	(Quantity)	$	$	$	$	$
Balance, September 30, 2011	54,808,135	52,512,813	10,133,858	1,609,195	854,715	65,110,581
Options exercised	84,000	72,185	(28,245)	-	-	43,940
Stock based compensation	-	-	97,400	-	-	97,400
Normal Course Issuer Bid	(240,000)	(229,949)	1,049	-	-	(228,900)
Substantial Issuer Bid	(38,000,000)	(36,634,100)	(3,800,259)	-	-	(40,434,359)
Debenture retirement	-	-	4,580	(1,558,373)	-	(1,553,793)
Net Income and Comprehensive Income	-	-	-	-	3,892,662	3,892,662
Balance, September 30, 2012	16,652,135	15,720,949	6,408,383	50,822	4,747,377	26,927,531
Options exercised	**100,000**	**95,990**	**(35,990)**	**-**	**-**	**60,000**
Share-based payments	**-**	**-**	**229,000**	**-**	**-**	**229,000**
Shares repurchased per Normal Course Issuer Bids	**(5,000)**	**(5,000)**	**-**	**-**	**-**	**(5,000)**
Repayment of convertible debt on maturity	**-**	**-**	**50,822**	**(50,822)**	**-**	**-**
Return of capital	**-**	**(3,349,427)**	**-**	**-**	**-**	**(3,349,427)**
Dividends paid	**-**	**-**	**-**	**-**	**(832,607)**	**(832,607)**
Net loss and Comprehensive Loss	**-**	**-**	**-**	**-**	**(7,027,441)**	**(7,027,441)**
Balance, September 30, 2013	**16,747,135**	**12,462,512**	**6,652,215**	**-**	**(3,112,671)**	**16,002,056**

The accompanying notes are an integral part of these financial statements.

1. Organization and nature of operations

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

The address and domicile of the Company's registered office and its principal place of business is 1600 – 609 Granville Street, Vancouver, BC, Canada V7Y 1C3.

NEMI's common shares trade on the Canadian Securities Exchange ("CSE") under the trading symbol "NNE".

NEMI operates a developed diversified investment and merchant banking operation focused on development of an investment portfolio built on strategic equity and debt investment opportunities in small cap and microcap companies which are perceived to be undervalued. The ultimate objective of these investments is to devise exit strategies that maximize the Company's relative return. The Company operates as one segment.

The Company incurred a loss and comprehensive loss of $(7,027,441) for the year ended September 30, 2013 (2012 - income and comprehensive income of $3,892,662). As at September 30, 2013, the Company has working capital of $16,002,056 (2012 - $26,915,967) and retained deficit of $(3,112,671) (2012 – retained earnings of $4,747,377).

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

These consolidated financial statements have been prepared on the historical cost basis except for selected financial assets and liabilities, which have been measured at fair value as set out in the relevant accounting policies.

These consolidated financial statements were approved by the board of directors on January 27, 2014.

b) Basis of consolidation

These consolidated financial statements include the results or financial information of NEMI Northern Energy & Mining Inc. and its inactive subsidiary, Crossroad Ventures Inc., a company incorporated under the laws of British Columbia. The results of the subsidiary will continue to be included in the consolidated financial statements of the Company until the date that the Company's control over the subsidiary ceases. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All significant intercompany transactions and balances have been eliminated.

c) Use of 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, 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) 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.

d) 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.

3. Significant accounting policies

Functional and presentation currency

The consolidated financial statements for the Company and its subsidiary are prepared using their functional currency which is the Canadian dollar ("C$"). Functional currency is the currency of the primary economic environment in which an entity operates. The presentation currency of the Company is the C$.

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are charged to the consolidated statement of loss and comprehensive loss.

Cash and equivalents

Cash and cash equivalents include cash and highly liquid investments held in the form of bankers' acceptances, money market investments and certificates of deposit with investment terms of less than three months at acquisition.

Financial Instruments

(i) Investments at fair value

All investments at fair value are classified upon initial recognition at fair value through profit or loss, with changes in fair value reported in profit or loss. The Company has met the requirements of *IAS 39, Financial Instruments: Recognition and Measurement* ("IAS 39") to designate investments at fair value through profit and loss as the investments at fair value constitute a group of financial assets which is managed and its performance is evaluated on a fair value basis in accordance with a documented investment strategy. Information about the fair value of the portfolio is provided internally to the Company's key management personnel.

Investments at fair value through profit and loss are initially recognized at fair value where reliable basis for determination exists. Transaction costs are expensed as incurred. Investments are no longer recognized when the rights to receive cash flows from the investments have expired or the Company has transferred the financial assets and the transfer qualifies for discontinuation of recognition in accordance with IAS 39.

Subsequent to initial recognition, all investments are measured at fair value. Gains and losses arising from changes in the fair value of the investments at fair value through profit or loss category are presented as gains and losses on investments at fair value in the period in which they arise.

(ii) Investments in associates

Investments in associates are those entities over which the Company has or is deemed to have significant influence, but not control over the financial and operating policies. Investments in Associates are held as part of the Company's investment portfolio and carried in the consolidated statement of financial position at fair value even though the Company may have significant influence over such companies. This treatment is permitted by IAS 28, Investment in Associates ("IAS 28") which allows investments held by venture capital or similar organizations to be excluded from its scope where those investments are measured at fair value through profit or loss in accordance with IAS 39, with changes in fair value recognized as unrealized gains or losses on investments in the consolidated statement of income and comprehensive income.

(iii) Financial assets other than investments at fair value

Financial assets other than investments at fair value include cash and cash equivalents, accounts receivable and GST/HST recoverable. These financial assets are recognized initially at fair value and subsequently measured at amortized cost.

Financial assets at amortized cost are measured at initial cost plus interest calculated using the effective interest rate method less cumulative repayments and cumulative impairment losses.

A financial asset is no longer recognized when the rights to receive cash flows from the asset have expired or the company has transferred substantially all of the risks and rewards of the asset. At each reporting date, an assessment is made as to whether there is any objective evidence that a financial asset is impaired. For amounts deemed to be impaired, the impairment provision is based upon the expected loss.

(iv) Convertible debentures

Convertible debentures have been classified as debt and initially recognized at fair value. The fair value of the conversion feature is recognized initially as the difference between fair value of the convertible debentures as a whole and the fair value of their liability component. The convertible debentures are separated into their liability and equity components at the date of issue. Transaction costs related to the issue of convertible debentures are allocated to the liability and equity components in proportion to their allocation of proceeds on initial recognition.

After initial recognition, the convertible debentures are subsequently recorded at amortized cost using the effective interest method. The issue costs allocated to the liability component are amortized over the term of the convertible debentures and accrete up to the principal balance at maturity. The accretion, amortization of issue costs and interest paid are expensed. The equity component is not re-measured subsequent to initial recognition except upon conversion when it is reclassified to share capital.

Any balance in equity that remains after the settlement of the liability will be transferred to contributed surplus. The equity portion is initially recognized net of deferred income taxes.

(v) Financial liabilities other than convertible debentures

Financial liabilities other than convertible debentures include accounts payable and accrued liabilities. They are initially recognized at fair value and subsequently recognized at amortized cost.

(vi) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Revenue recognition

Investment purchases and sales are recognized on the settlement date. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are included in the determination of income or loss for the reporting period.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are immediately expensed and included in the determination of income for the reporting period in which they are incurred. Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established. Interest income, other income, and income from loans included in investments at fair value are recorded on an accrual basis.

Impairment of non-financial assets

At the end of each reporting period the carrying amounts of the Company's non-current non-financial assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the earnings or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the lesser of the revised estimate of its recoverable amount or the carrying amount that would have been determined had no impairment loss ever been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in earnings or loss.

Earnings per share

Basic earnings or loss per share represents the profit or loss for the period, divided by the weighted average number of common shares in issue during the period. Diluted earnings represents the profit for the period, divided by the weighted average number of common shares in issue during the period plus the weighted average number of dilutive shares that could result from the exercise of stock options, warrants and other similar instruments where the inclusion of these items would not be anti-dilutive. As a loss per share calculation based on the fully diluted number of shares would be less than the loss per share calculated on the basic number of shares, diluted losses per share are anti-dilutive and accordingly, the diluted loss per share are the same as the basic loss per share.

Office furniture, equipment and improvements

Office furniture, equipment and improvements are carried at cost less accumulated depreciation and any recognized impairment loss. Depreciation is computed using the straight-line method over estimated useful lives as follows:

Furniture and fixtures	20%
Computer hardware	30%
Computer software	100%
Office equipment	30%
Office leasehold improvements	20%

Income tax

Income tax on the earnings or loss for the periods presented comprises current and deferred tax. Income tax is recognized in earnings or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The Company does not provide for temporary differences relating to investments in subsidiaries and joint ventures to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date applicable to the period in which realization or settlement can reasonably be expected.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share purchase options or the re-purchase of shares are recognized as a deduction from equity, net of any tax effects.

Share-based payments

The fair value of all stock options granted is recorded as a charge to stock-based compensation and a credit to contributed surplus under the graded attribution method. The fair value, as adjusted for the expected level of vesting of the options and of stock options which vest immediately is recorded at the date of grant; the fair value, as adjusted for the expected level of vesting of the options and of options which vest in the future is recognized over the vesting period. Stock options granted to non-employees are measured at their fair value at the date on which the services are provided.

Any consideration received on the exercise of stock options together with the related portion of contributed surplus is credited to share capital. The fair value of stock options is estimated using the Black-Scholes option pricing model.

4. Accounting standards issued but not yet effective

The following pronouncements from the IASB will become effective for financial reporting periods beginning on or after January 1, 2013. All of these new or revised standards permit early adoption with transitional arrangements depending upon the date of initial application. The Company is currently assessing the impact of these pronouncements; however, it anticipates that these standards will not have a material impact on the Company's consolidated financial statements.

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 of IFRS 9 does not have a mandatory effective date, although earlier adoption is allowed.

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.

The IASB has also made amendments to existing standards, including IAS 27 and IAS 28. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 to IFRS 13.

5. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The determination of fair value requires judgment based on market information, where available and appropriate. At the end of each financial reporting period, the Company's management estimates the fair value of investments based on the criteria below. Such valuation changes are reflected in the financial statements.

A fair value hierarchy is summarized in note 11 that distinguishes the significance of the inputs used in determining the fair value measurements of various financial instruments. The hierarchy contains the following levels: Level I uses quoted (unadjusted) prices in active markets for identical assets and liabilities; Level 2 uses other techniques for which all inputs having a significant effect on the recorded value are observable, either directly or indirectly; and, Level 3 uses techniques with inputs that have a significant effect on the recorded value that are not based on observable market data.

a) Investments at fair value

i) Publicly traded securities

The fair value of securities that are traded in active markets, such as on a recognized securities exchange is determined by reference to quoted closing market prices or dealer price quotations (bid price for long positions and ask price for short positions) on the reporting date, without any deduction for transaction costs. Certain of the securities that have been acquired through private placement subscriptions may be subject to four-month holding periods as disclosed. Further, in accordance with IFRS, no provision is taken to recognize any possible premium or discount that may be applicable on relatively large board lots in a given prevailing market.

ii) Purchase rights to publicly traded securities

In those instances where the Company has secured additional purchase rights to securities such as warrants attached to shares for which it has subscribed or been granted under the terms of a loan agreement and for which there is no recognized trading value, the Company does not accord any value to such purchase rights. When there are sufficient and reliable observable market inputs, a valuation technique is applied.

iii) Private company equity securities

The Company's investments at fair value include equity issued by private companies. The determinations of fair value of such investments at other than initial cost are subject to certain limitations. Financial information for private companies with whom the Company has made investments may not be available and, even if available, that information may be limited and/or unreliable.

For private company equity securities not traded in an active market, all investments are initially recorded at the transaction price, being the fair value at the time of acquisition. Thereafter, at each reporting date, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions
- Reference to the current fair value of another instrument that is substantially the same
- A discounted cash flow analysis or other valuation models

The valuation of private company equity securities involves uncertainties and determinations based on the Company's judgment and any value estimated from these techniques may not be realized or realizable.

iv) Loans

Investments at fair value include loans to corporations for which there is no quoted market value but for which comparable empirical data exists on which the Company has based its valuations. In these instances, fair value is determined using valuation techniques.

b) Cash and cash equivalents

The fair value of cash and cash equivalents, accounts receivable and accounts payable at September 30, 2013 and 2012 approximate their carrying values due to their short term to maturity.

c) Stock options

The fair value of employee stock options is measured using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

d) Convertible debentures and related equity attribution

The allocation of fair value to convertible debentures between debt and equity has been determined in accordance with IAS 32, *Financial Instruments: Presentation*. The allocation is determined by calculating the fair value of the debt, discounted at the estimated prevailing interest rates on similar debts granted in the market without the attached conversion privileges. The residual fair value represents the estimated market value of conversion rights on the debt.

(Expressed in Canadian dollars)

6. Investments at fair value

All of the Company's investments at fair value have been classified as fair value through profit or loss. Both realized and unrealized gains and losses are recognized at the end of the accounting period when the carrying values of investments at fair value are adjusted to the quoted market value in the case of publicly traded securities and the estimated fair value as determined by management in the case of other securities and loans.

As at September 30, 2013, investments at fair value were as follows:

	September 30, 2013		September 30, 2012	
	Fair value	**Cost**	Fair value	Cost
	$	**$**	$	$
Publicly traded securities	**4,172,622**	**7,160,884**	4,808,388	5,216,432
Private equity securities	**6,240,000**	**4,050,000**	9,000,000	3,750,000
Loans	**2,164,470**	**2,279,470**	2,090,000	1,956,500
	12,577,092	**13,490,354**	15,898,388	10,922,932

Changes in the Company's investments at fair value were as follows:

	September 30, 2013	September 30, 2012
	$	$
Opening Balance	**15,898,388**	-
Purchases	**7,225,747**	11,636,875
Proceeds on disposition	**(3,920,846)**	(838,557)
Realized gains (losses) on disposition	**(812,326)**	156,512
Foreign exchange gains (losses)	**74,851**	(13,598)
Unrealized gains (losses)	**(5,888,722)**	4,957,156
Balance	**12,577,092**	15,898,388

As the Company carries its investments at fair value on the fair value through profit or loss basis, the above referenced realized and unrealized gains and losses as well as the foreign exchange gains (losses) totaling ($6,701,048) (2012 – gain of $5,100,070) have been recognized in income for the year ended September 30, 2013.

a) Publicly traded securities

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 of not more than four months pursuant to the terms of each respective private placement subscription agreement, as well as escrow restrictions, if applicable.

b) Black Eagle Mining Corporation ("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").

On March 16, 2012, the Company acquired a 17.4% interest or 5 million common shares of BEM in a private placement for a total cash consideration of $3,750,000 or $0.75 per share. On completion of the acquisition NEMI's CEO was appointed to the BEM board of directors.

On June 1, 2012, BEM closed a $12.5 million private placement at a price of $1.80 per share (the "BEM June 2012 Private Placement"). Accordingly, the Company's net income for the year ended September 30, 2012 included an unrealized mark to market gain in the carrying value of its BEM shares of $5,250,000 ($1.05 per share) to adjust the fair value of the shares to the most recent arms length transaction. Upon completion of the BEM June 2012 Private Placement, NEMI owned 14.0% of BEM.

On March 26, 2013, the Company acquired an additional 200,000 common shares of BEM for a purchase price of $1.50 per share, which included a discount for liquidity from the $1.80 per share price from the BEM June 2012 Private Placement.

As at September 30, 2013, the Company held a total of 5,200,000 common shares. The fair value of these common shares was determined to be $1.20 per share. This valuation was based on the observable $1.80 per share price and $1.50 per share price transactions discounted based on the trading prices of comparable publicly traded companies. Accordingly, the Company's net income for the year-ended September 30, 2013 included an unrealized mark to market loss of $3,060,000 to adjust the fair value of the shares to $1.20 per share value.

c) American Bonanza Gold Corp ("BZA")

On September 14, 2012, the Company extended a US$1,500,000 loan to American Bonanza Gold Corporation ("BZA"), a publicly traded resource company. 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 $133,500 and after recognition of prevailing US - Canadian dollar foreign exchange considerations, the loan carried a fair value of $1,590,500. 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 Guarantee bringing the total advanced to BZA up to US$2,100,000 (approximately $2,279,470 - 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 $1,100 Call Option") along with an increase in the maximum number of Gold Ounces from 1250 ounces to 1,909 ounces. In addition, 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. Until July 4, 2013 all other terms and security granted under the terms of the Amended BZA Gold Loan remained substantially unchanged from the provisions of the original agreement. On July 4, 2013, when BZA announced that it had entered into an earn-in agreement for up to a 60% interest in the underlying property, the terms and security granted under the terms of the Amended BZA Gold Loan were amended commensurately.

(Expressed in Canadian dollars)

BZA, NEMI and the other Gold Loan lenders subsequently amended and restated the secured US$8,601,000 promissory note (NEMI has lent US$2,100,000). The amended promissory note has been restructured to be repaid commencing January 1, 2014 in twelve equal principal monthly installments completing on December 1, 2014, through the delivery of 9,557 gold ounces or equivalent cash, at the option of the lender. Interest payments due on November 1, 2013 and December 1, 2013 have been deferred to January 1, 2014. On January 3, 2014 NEMI sent BZA a notice of default after not receiving the agreed upon payments. BZA has until February 2, 2014 to cure the default.

Should BZA file for bankruptcy, per the terms and security granted under the Amended BZA Gold Loan agreement, the Company is a secured creditor and the collateral to the loan was determined to be sufficient to collect the total face value of the loan.

Accordingly, as at September 30, 2013, the fair value of the BZA Gold Loan was estimated to equal US$2,100,000 (approximately $2,164,470) which amounted to the principle advanced.

d) Vangold Resources Ltd. ("Vangold")

On July 4, 2012, the Company extended a $500,000, 20 percent one year term loan to Vangold Resources Ltd., a publicly traded resource company, that was due on July 4, 2013 (the "Vangold Loan)". 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 per share). On realizing on its security, the Company eliminated the $500,000 balance from its loan portfolio, recognized a realized loss of $62,500 and the $437,500 balance was added to the publicly traded securities. On July 10, 2013, the Company disposed of its entire COY interests for a total cash consideration of $698,134 (AUD$0.045 per share) to result in a gain realized on disposition of $135,145.

7. Convertible Debentures

The Company has recognized convertible debentures as follows:

	September 30, 2013		September 30, 2012	
	Liability Component	**Equity Component**	Liability Component	Equity Component
	$	**$**	$	$
Debenture	-	-	326,542	205,207
Unamortized deferred financing cost	-	-	(2,797)	(154,385)
	-	-	323,745	50,822

The Company issued a total of $12,724,000 in 8% convertible debentures on March 12 and April 1, 2008 for cash. The convertible debentures were unsecured and bore interest at a rate of 8% per annum, payable semi-annually in arrears, on June 30 and December 31 of each year commencing June 30, 2008. The convertible debentures matured on March 12, 2013 and were convertible into common shares of the Company at any time up until maturity at a conversion price of $0.90 per share. On maturity, the convertible debentures were redeemed for cash in full at their stated par value of $330,000 plus accrued interest. No conversion privileges were exercised at maturity.

(Expressed in Canadian dollars)

On issuing the convertible debentures, the Company paid a commission of $763,440 and issued 100,000 transferable agent's warrants as consideration for arranging the financing. The warrants were not exercised and expired.

As the convertible debentures were considered compound financial instruments, the liability and equity components were presented separately as determined on the measurement date. The Company valued the separate components of the convertible debenture using the residual method. The liability component was valued using the current market rate for comparable instruments at the time of issuance, which was estimated to be 17%.

The proceeds from the issue of the convertible debenture were allocated based upon the fair value of the liability component with the residual allocated to the equity component as follows:

	September 30, 2013	September 30, 2012
	$	$
Gross proceeds on issue of convertible debentures	**12,724,000**	12,724,000
Less equity component	**(2,146,116)**	(2,146,116)
	10,577,884	10,577,884
Accretion of liability component	**1,963,575**	1,961,203
Retirements at recorded fair value:		
Repaid on maturity (principle value - $330,000)	**(328,914)**	-
Retired on SIB (principle value - $10,119,000)	**(10,056,660)**	(10,056,660)
Converted at allocated value (principle value - $2,275,000)	**(2,155,885)**	(2,155,885)
Liability, end of period	**-**	326,542
Less: Unamortized deferred issuance costs	**-**	(2,797)
Net liability, end of period	**-**	323,745

In conjunction with the SIB offering on December 28, 2011, the Company completed the early retirement of convertible debentures having an allocated value on retirement of $10,056,660 (face value $10,119,000). The cost of retirement was recognized as follows:

(Expressed in Canadian dollars)

	Cash payout on SIB Closing
	$
Face value of retired debt	**10,119,000**
Retirement cost per $100	**117.78**
Total retirement payout on SIB closing	**11,918,158**
Add transaction cost	**45,675**
	11,963,833

	SIB cost allocation
	$
Debt component	**10,056,660**
Equity component	**1,558,373**
Discount on equity component	**(4,580)**
Premium on debt component	**307,705**
Add transaction cost	**45,675**
	11,963,833

The above premium paid on the debt portion of the convertible debenture and transactions costs were charged to operating expenses in full on the date the early retirement was completed.

For the year ended September 30, 2013 interest, accretion and amortization of issue costs on the convertible debentures was recognized as follows:

	September 30, 2013	September 30, 2012
	$	$
Interest on convertible debentures @ 8%	**11,790**	**223,829**
Accretion on convertible debentures	**2,372**	**122,704**
Amortization of deferred financing charges	**3,881**	**105,568**
	18,043	**452,101**

As at September 30, 2013, the unpaid principal balance of the 8% convertible debentures was $nil (September 30, 2012 - $330,000).

8. Shareholders' equity

a) Authorized share capital

An unlimited number of Class A voting Common Shares – 16,747,135 (2012 – 16,652,135) issued and outstanding
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

b) Options

The Company has adopted a rolling 10% stock option plan (“Plan”) which provides that the directors of the Company may grant options to purchase Class A common shares of the Company to directors, officers, employees and service providers, with the number of options being limited to 10% of the issued Class A shares at the time of granting of options. The Board in its sole discretion may determine any vesting provisions for options. Options are equity settled.

(Expressed in Canadian dollars)

On August 30, 2013, the Company granted 300,000 options, which vested immediately, having an exercise price of $0.45 each, exercisable at any time up until and including August 30, 2018. The fair value of the options so granted was determined to be $129,000 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate - 1.42%; expected life - 5.0 years; expected volatility - 64% and expected dividends - nil.

As at September 30, 2013, outstanding options were as follows:

Expiry	Number of options outstanding		Weighted average exercise price per share	Average remaining life (years)
May 27, 2014	150,000	$	0.21	0.65
September 30, 2015	75,000	$	0.40	2.00
September 30, 2016	250,000	$	0.80	3.00
September 30, 2016	125,000	$	0.40	3.00
April 19, 2017	350,000	$	0.80	3.55
August 30, 2018	300,000	$	0.45	4.92
Fully vested and exercisable	**1,250,000**	**$**	**0.58**	**3.27**

On September 30, 2012, there were 1,050,000 fully vested and exercisable options outstanding. On May 8, 2013, 100,000 of those options having a September 30, 2015 expiry date were exercised at a price of $0.60 each for a total consideration of $60,000, the proceeds of which were offset against accounts payable and accrued liabilities that was otherwise due to the optionee.

During the year, in connection with the return of capital to shareholders, the Company reduced the exercise price on all outstanding options by $.20. This constitutes a modification of the options and therefore the Company calculated the incremental fair value which resulted by determining the fair value of the outstanding options at the modification date with both the existing and revised exercise price. The incremental fair value was $100,000, which has been recognized in the statement of loss and comprehensive loss.

c) Per share amounts

Basic per share amounts have been calculated using the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the year ended September 30, 2013 was 16,691,505 (2012 – 26,617,434) As the calculation of diluted losses per share would be anti-dilutive, the calculation of the diluted number of shares in the current year periods is not applicable. In 2012, diluted per share amounts were calculated using the diluted number of common shares outstanding. The diluted number of common shares outstanding for the year ended September 30, 2012 equaled 27,782,799.

d) Normal course issuer bid (“NCIB”)

On July 12, 2013, NEMI announced that it would conduct an NCIB under which the Company may purchase up to 837,606 of its common shares or 5% of the total outstanding at any time on the open market commencing July 18, 2013 at prevailing market prices at the time of acquisition. The bid will expire on July 17, 2014 or such earlier date as the Company may complete its purchases. All common shares acquired by the Company under the provisions of the NCIB, if any, will be canceled. As at September 30, 2013, 5,000 shares had been repurchased.

(Expressed in Canadian dollars)

e) Return of capital

On September 10, 2013, the Company announced that it would complete a return of capital in the amount of $0.20 per common share to the shareholders of record at the close of business on September 16, 2013. The Company made a cash payment of $3,349,427 to its shareholders on September 19, 2013. This return of capital was authorized by the Supreme Court of British Columbia on September 9, 2013.

f) Dividends

On December 11, 2012, the Company announced a dividend of $0.05 per common share payable December 31, 2012 to shareholders of record at the start of business on December 18, 2012. The dividend amounted to a total of $832,607 and was paid on December 21, 2012.

9. 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 can be found in note 15.

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 for the periods ended September 30 as follows:

	2013	2012
	$	$
Wages and benefits	**281,050**	225,750
Directors fees	**50,000**	56,500
Share-based payments	**229,000**	97,400
	560,050	379,650

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, 2013 is $237,420 (2012 - $165,000) 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 are unsecured, non-interest bearing and due on demand.

(Expressed in Canadian dollars)

10. Income taxes

a) Deferred tax asset recognition

Deferred taxes arising from temporary differences in unused tax losses are summarized as:

i) Deferred tax assets - recognized

	September 30, 2013	September 30, 2012
	$	$
Non-capital losses	-	1,235,890
Investment in securities	-	(1,235,890)
Net recognized deferred tax assets	-	-

ii) Deferred tax assets - not recognized

	September 30, 2013	September 30, 2012
	$	$
Non-capital losses	2,806,009	1,236,732
Resource pools	2,317,077	2,227,959
Capital losses	239,828	230,604
Capital assets	64,151	58,793
Investment in securities	239,208	-
Other	39,275	37,066
Unrecognized deferred tax assets	5,705,548	3,791,154

As at September 30, 2013, the Company and its subsidiary have losses carried forward of approximately $10,792,340 (2012 - $9,890,000) that are available to reduce income taxes in future years that expire as follows:

Year of Expiry	Non-Capital Tax Losses
	$
2014	18,249
2015	16,914
2026	7,737
2027	13,794
2028	4,710,872
2029	2,101,281
2030	2,452,892
2031	13,504
2032	515,922
2033	941,175

The Company's resource pools of $8,912,000 (2012 - $8,912,000) may be carried forward indefinitely and used to reduce taxable income in any future year.

(Expressed in Canadian dollars)

b) Income tax expense

The provision for income tax differs from the amount calculated using the Canadian federal and provincial statutory income tax rates of 25.50% (2012 – 25.38%) as follows:

	September 30, 2013	September 30, 2012
	$	$
Net income (loss) and comprehensive income (loss) before tax	(7,027,441)	3,892,662
Canadian statutory income tax rate	25.50%	25.38%
Expected tax recovery (expense)	1,791,997	(987,763)
Share-based compensation and other permanent items	(58,296)	76,225
Effect of rate differences and other	180,693	201,326
Change in unrecognized deductible temporary differences	(1,914,394)	710,212
Income tax expense recognized in determination of net income	-	-

The change in the statutory tax rate from 2012 is as a result of legislative tax changes in the federal and provincial income tax rates.

11. 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 marketable securities and other securities held-for-trading which can include investments in equity securities, net securities and derivative financial instruments or instruments in which there exists an embedded derivative. All of the Company's investments in marketable securities and other securities held for trading are carried on a held for trading 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 in marketable securities and investments in other securities held for trading as at September 30, 2013. This analysis assumes all other variables remain constant in accordance with the company's established accounting policies:

(Expressed in Canadian dollars)

		September 30, 2013	
	Reported carrying value	Effect of a 10% change in value on net income	
		Increase	(Decrease)
	$	$	$
Investments at fair value	12,577,092	1,257,709	(1,257,709)

		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)

As all of the investments are carried on a held-for-trading 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, 2013, the determination of estimated fair value of the Company's investment in marketable securities and other securities held for trading was as follows:

		Estimated fair values		
	September 30, 2013	Level 1	Level 2	Level 3
	$	$	$	$
Publicly traded securities	4,172,622	3,537,195	-	635,427
Private company equity	6,240,000	-	-	6,240,000
Loans	2,164,470	-	-	2,164,470

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

(Expressed in Canadian dollars)

The Company's movement in Level 3 held for trading securities consists of the following (in $CDN):

	2013	2012
	$	$
Opening Balance, September 30, 2012	**2,090,000**	-
Advances/purchases for investments	**913,800**	1,956,500
Market value adjustments	**(3,193,500)**	133,500
Foreign exchange adjustments	**94,170**	-
Settlement of loan	**(500,000)**	-
Transfer in from Level 1 – shares under liquidation	**635,427**	-
Transfer in from Level 2 – private company equity	**9,000,000**	-
Balance, September 30, 2013	**9,039,897**	2,090,000

During the year ended September 30, 2013, a private company equity investment which consisted of shares owned in BEM, were transferred from Level 2 to Level 3. In the prior year, the lowest level input that was significant to the fair value of the investment was a private placement transaction which was directly observable. In the current year, the lowest level input that was significant to the fair value of this investment was unobservable.

During the year ended September 30, 2013, a significant investment of the Company, First Bank of Delaware ("FBOD") entered into bankruptcy proceedings. The Company's broker assessed the fair value of zero related to these shares. However, the Company received a statement from FBOD's liquidator with a value per share of USD$1.37 based on the net assets of FBOD. Accordingly, the Company adjusted the fair value of these shares to reflect the USD$1.37 per share valuation. Given that the shares were not publicly traded in the active market as at September 30, 2013, the fair value of these shares were transferred from Level 1 to Level 3.

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, 2013, the Company is exposed to currency fluctuations as follows:

	Reported fair value	Effect of a 100 bps change in interest rates	
		Increase	(Decrease)
	$	$	$
US$ investment in: (in CDN$)			
Quoted marketable equities	1,196,570	11,966	(11,966)
Loans	2,164,470	21,645	(21,645)
	3,361,040	33,611	(33,611)

As at September 30, 2013, except for investments at fair value having a market value of approximately $3,361,040 (USD$3,260,972) (September 30, 2012 $2,406,422 (USD$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.

The 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.

In connection with its investments in other securities held-for-trading, as at September 30, 2013, the Company was carrying loans to third parties in the amount of approximately $2,164,470 (2012-$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 and expected to be paid within one year.

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, 2013 and 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.

(Expressed in Canadian dollars)

		September 30, 2013	
Financial instrument	**Reported carrying value**	**Effect of a 100 bps change in interest rates**	
		Increase	**(Decrease)**
	$	**$**	**$**
Cash and cash equivalents	3,640,015	36,400	(36,400)
Loans	2,164,470	21,645	(21,645)

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

12. 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, marketable securities and other securities held-for-trading, 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 marketable securities and other securities held-for-trading of the Company 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.

As at September 30, 2013 the Company’s debt to equity ratio was .02 (2012 – .02) and its current asset to current liability ratio was 49 : 1 (2012 – 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.

13. Contingencies

The Company could be subject to various contingent liabilities that occur in the normal course of operations. The Company is not aware of any pending or threatened proceedings that would have a material adverse effect on the consolidated financial condition or future results of the Company.

(Expressed in Canadian dollars)

14. Commitment

The Company's office lease was terminated in August 2013. Thus the annual estimated commitment under the Company's office lease including annual rent and estimated operating expense for the period ending September 30, 2013 is nil (September 30, 2012 - $58,000). The Company does not have any other on-going commitments.

15. Related parties

As at September 30, 2013, the Company's investments at fair value include private company equity securities of $6,240,000 which amounts to a 14.0% interest in BEM. In addition, during the year ended September 30, 2013, the Company has recorded $62,500 in realized losses on converting the Vangold Loan into Coppermoly Shares (note 6) and an equity interest consisting of 3,527,000 Vangold common shares having a market value of $158,715 (cost $418,446) which amounts to a 17% equity interest in Vangold.

NEMI's Chief Executive Officer and Chairman is a director of BEM and as of July 23, 2013 a former director of Vangold. On May 14, 2013, a second NEMI director served as a Vangold Director and interim Chief Financial Officer until his resignation on September 5, 2013.

16. Supplemental cash flow information

Supplemental information:	**2013**	2012
	$	**$**
Cash interest paid on convertible debentures	**(11,790)**	(427,870)
Cash interest received on cash , cash equivalents and investments at fair value	**369,115**	354,795
Cash dividends received on investments at fair value	**132,271**	15,018
Income taxes	**-**	-

17. Comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.