

NEMI Northern Energy & Mining Inc.

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

For the year ended September 30, 2013

The following information, prepared as of January 27, 2014 should be read in conjunction with the audited consolidated financial statements of NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") for the year ended September 30, 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Financial information disclosed in this MD&A that pertains to accounting periods ended prior to and including September 30, 2010 were prepared in accordance with Canadian Generally Accepted Accounting Principles ("CGAAP"). All amounts are expressed in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking statements. For a description of material factors that could cause the Company's actual results to differ materially from the forward-looking statements in this MD&A, please refer to the discussions under the headings "Forward-looking Statements" and "Risks and Uncertainties" as presented elsewhere herein.

General

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

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

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 Securities Exchange ("CSE") 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 January 27, 2014.

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

Over the course of the year ended September 30, 2013, the Company built a portfolio of investments at fair value of \$12,577,092 (2012 - \$15,898,388) at a cost of \$13,490,354 (2012 - \$10,922,932). As at September 30, 2013, investments at fair value included unrealized losses of (\$913,262) (2012 - unrealized gains \$4,957,156).

NEMI Energy & Mining Inc.
Management's Discussion and Analysis of Financial Position and Results of Operations (continued)
For the year ended September 30, 2013

Net losses for the year ended September 30, 2013 amounted to (\$7,027,441) (2012 net income - \$3,892,662) including realized and unrealized losses on its investments at fair value that amounted to (\$6,701,048) (2012 unrealized gains - \$5,100,070).

As at September 30, 2013, the Company's cash position amounted to \$3,640,015 (2012 - \$11,516,054), with total assets of \$16,332,826 (2012 - \$27,505,320) and net worth of \$16,002,056 (2012 - \$26,927,531) on 16,747,135 shares outstanding (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 an unrealized gain or loss with an offset in an equal amount to the carrying value of the investments that fair value.

As at September 30, 2013, the Company held investments at fair value for investment purposes having a fair value of \$12,577,092 (cost - \$13,490,354) detailed 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

a) Investment in publicly traded equities

The Company's portfolio of publicly traded securities, all purchased on the open market or pursuant to private placement subscriptions had a quoted value of \$4,172,622 (2012- \$4,808,388) (cost - \$7,160,884 (2012 - \$5,216,432) and can be sold at any time at the Company's discretion subject to market conditions and from time to time escrow or hold period restrictions pursuant to the terms of each respective private placement subscription agreement, if applicable. During the twelve months ended September 30, 2013, the Company realized net sale proceeds on disposition of \$ 3,920,846 (2012- \$838,557) and a related (loss)/gain (\$812,326) (2012 - \$156,512) on disposition of publicly traded equities.

The Company intends to hold these investments until the value of the underlying assets can be realized.

b) Investment in securities other than publicly traded equities

As at September 30, 2013, the company's investments in securities other than publicly traded equities included the following investments:

i) Black Eagle Mining Corporation Common Shares

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.

ii) American Bonanza Gold Corporation Loan

On September 14, 2012, the Company extended a USD\$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.

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.

iii) Vangold Resources Ltd. Loan

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

Although all payments on the loan were current, management believed that it was more likely than not that Vangold would be unable to meet the repayment obligations when they became due. Therefore, on April 26, 2013, NEMI realized its security on the loan which consisted of 12,690,333 common shares of Coppermoly Limited (ASX: "COY") having an approximate market value of \$437,500 (AUD\$0.033 per share). On realizing its security, the Company eliminated the \$500,000 balance from its loan portfolio, added the amount to its publicly traded securities portfolio and realized a \$62,500 loss on the transaction. 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.

Capital expenditures

During the three and twelve months ended September 30, 2013, the Company did not make any capital expenditures.

Financing Activities

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.

Convertible Debentures

On March 12, 2013, the \$330,000 balance of the 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.

Stock Options

On May 8, 2013, the CEO exercised options on 100,000 common shares at a price of \$0.60 per share for a gross consideration of \$60,000, the proceeds of which were offset against accounts payable and accrued liabilities that were otherwise payable to the optionee.

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.

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.

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. As a result, the exercise price of all outstanding stock options as at that date was reduced by \$0.20 per share.

Normal Course Issuer Bid

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 the date of this MD&A, 25,000 shares had been repurchased.

Selected Annual Audited Financial Data

The following table sets forth selected annual financial data as extracted from the audited financial statements for each of the last three fiscal years ended September 30:

	2013	2012	2011
	\$	\$	\$
Balance Sheet			
Net current assets	16,002,056	26,915,967	75,246,616
Non-current assets	-	11,564	16,098
	16,002,056	26,927,531	75,262,714
Non-current liabilities	-	-	(10,152,133)
Net equity	16,002,056	26,927,531	65,110,581
Statement of Income (Loss) and Comprehensive Income (Loss)			
Net investment income (loss)	(6,171,961)	5,500,837	35,010
Equity share of income from Peace River LP	-	-	4,247,000
Gains on PRC Disposition	-	-	11,814,074
All other operating expenses	(855,480)	(1,608,175)	(2,552,271)
Net income (loss) and comprehensive income (loss)	(7,027,441)	3,892,662	13,543,813
Income (loss) per share	(0.42)	0.15	0.25
Statements of Cash Flows			
Operating activities	(3,419,005)	(11,898,644)	(1,873,154)
Financing activities	(4,457,034)	(52,583,152)	(1,058,494)
Investing activities	-	-	71,666,149
Net increase (decrease) in cash	(7,876,039)	(64,481,796)	68,734,501

Currently NEMI operates a developed diversified investment and merchant banking operation focused on the 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 being to devise an exit strategy that maximizes the Company's relative return. The Company's management consists of a full-time CEO and a contracted CFO who is retained through a company that provides outside accounting services. For the current fiscal year and going forward for the foreseeable future, the corporate operating cost structure is comparatively simple, consisting primarily of remuneration and benefits paid to management, professional fees that cover legal and audit costs, expenditures required to

sustain the Company's status as a reporting publicly listed entity, office expenses and fees paid to outside directors and out-of-pocket travel and accommodation expenses.

Following the PRC disposition on September 28, 2011, management sought to complete a liquidity event that culminated in the completion of the Substantial Issuer Bid ("SIB") on December 28, 2011 where the Company purchased and subsequently cancelled 38 million common shares at a price of \$1.06 each for an aggregate gross consideration of \$40,434,359 which included \$154,360 in transaction costs that were allocated to the cost of the shares acquired. This transaction is the main reason for the \$56,605,757 decrease in cash used between the 2013 and 2012 fiscal year.

RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2013

The following is an analysis of the Company's operating results for the quarter ended September 30, 2013, and includes a comparison against the quarter ended September 30, 2012.

Net loss and comprehensive loss for the three months ended September 30, 2013 amounted to a loss of \$2,957,198 or \$0.18 per share (2012 – (\$96,774) or (\$0.00) per share) based on a weighted average number of shares outstanding of 16,691,505 common shares (2012- 26,617,434).

Losses on investments at fair value for the three months ended September 30, 2013 were \$2,901,109 (2012 – \$108,564). These losses resulted from investing activities of the Company in its publicly traded securities portfolio and an unrealized market to market loss of \$3,060,000 on the BEM shares to adjust the fair value of the shares from \$1.80 to \$1.20.

Interest and other income for the three months ended September 30, 2013 were \$189,974 (2012 – \$110,147). Included in this income amount was interest income in the amount of \$79,280 (2012 - \$75,869). Interest income was generated as follows: from bank deposits and equity investment accounts \$17,960 (2012 – \$48,283), and from loans advanced to BZA and Vangold \$61,320 (2012 - \$29,123). The decrease in bank interest from 2013 to 2012 is due to fewer funds being on deposit; the increase in loan interest is due to the additional loan advances issued in 2013.

Also included in this income amount was dividend income of \$104,957 (2012 - \$15,018) that was earned through its investments in publicly traded securities. The reason for the increase from 2012 to 2013 is that the Company held more investments in dividend-paying publicly traded securities in 2013 than in 2012.

The remaining amount of miscellaneous income included in this amount is \$5,737 (2012 - \$19,260). For the current fiscal year, this amount consists of \$5,737 (2012 - \$5,428) in capital gains from publicly traded securities. In 2012, there was a \$13,832 refund from Caterpillar.

Remuneration and benefits for the three months ended September 30, 2013 were \$85,416 as compared to \$40,872 for the same period in the previous year. The majority of the increase is reflective of an increase in the monthly salary to the CEO in 2013 and the retention of an outside company to maintain the Company's books and records.

Professional fees for the three months ended September 30, 2013 were \$10,871 as compared to \$32,678 for the same period in the previous year. Professional fees reflect legal and accounting costs for the period.

Office expenses for the three months ended September 30, 2013 were \$28,148 compared \$27,680 for the same period in the previous year. Office expenditures include rent, insurance and office supplies.

Shareholder communication expenses for the three months ended September 30, 2013 were \$7,333 compared \$699 for the same period in the previous year. Shareholder communications include stock transfer fees. The \$6,634 increase over the prior period is attributable to additional shareholder meetings and news releases in 2013 compared to 2012.

Director's fees for the three months ended September 30, 2013 were \$12,500 compared \$12,500 for the same period in the previous year.

Share-based compensation for the three months ended September 30, 2013 were \$229,000 compared \$nil for the same period in the previous year. This amount was calculated as the fair value of the 300,000 options issued in August 2013 and the \$0.20 reduction in outstanding option exercise prices due to the return of capital paid to shareholders in September 2013.

RESULTS OF OPERATIONS FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2013

Net income (loss) and comprehensive income (loss) for the twelve months ended September 30, 2013 amounted to a loss of (\$7,027,441) or (\$0.42) per share (2012 – comprehensive income of \$3,892,662 or \$0.15 per share) based on a weighted average number of shares outstanding of 16,691,505 common shares (2012- 26,617,434).

Gains (losses) on investments at fair value for the twelve months ended September 30, 2013, were (\$6,701,048) (2012 - \$5,100,070). During the 2012 fiscal year, the investment gain included recognition of an unrealized gain of \$5,250,000 on the carrying value of its investment in BEM shares. In 2013, the Company recorded a \$3,120,000 unrealized market to market loss on the BEM shares to adjust the fair value of the shares from \$1.80 to \$1.20.

Interest and other income for the year ended September 30, 2013 amounted to \$529,087 (2012 - \$400,767). Included in this income amount was interest income in the amount of \$392,328 (2012 - \$341,489). Interest income was generated as follows: from bank deposits and equity investment accounts \$116,752 (2012 – \$312,366), and from loans advanced to BZA and Vangold \$275,576 (2012 - \$29,123). The decrease in bank interest from 2013 to 2012 is due to fewer funds being on deposit; the increase in loan interest is due to the additional loan advances issued in 2013 as well as the loans being outstanding for a full year in 2013 as opposed to only a few months in 2012.

Also included in this income amount was dividend income of \$131,022 (2012 - \$15,018) that was earned through its investments in publicly traded securities. The reason for the increase from 2012 to 2013 is that the Company held more investments in dividend-paying publicly traded securities in 2013 than in 2012.

The remaining amount of miscellaneous income included in this amount is \$5,737 (2012 - \$44,260). For the current fiscal year, this amount consists of \$5,737 (2012 - \$5,428) in capital gains from publicly traded securities. In 2012, there was \$25,000 in consulting revenue from Westville Metals as well as a \$13,832 refund from Caterpillar.

Remuneration and benefits for the twelve months ended September 30, 2013 were \$343,783 as compared to \$226,785 for the same period in the previous year. The majority of the increase is reflective of an increase in monthly salary to the CEO in 2013 and the retention of an outside company to provide accounting services.

Professional fees for the twelve months ended September 30, 2013 were \$169,266 as compared to \$243,375 for the same period in the previous year. Professional fees reflect legal and accounting costs for the period. Professional fees were higher in 2012 because of additional costs incurred to complete the transition associated with completing the SIB, securing the Company's listing on the CSE and initiating operations as a merchant investment bank.

Office expenses for the twelve months ended September 30, 2013 were \$145,745 compared \$137,903 for the same period in the previous year. Office expenditures include rent, insurance and office supplies.

Shareholder communication expenses for the twelve months ended September 30, 2013 were \$16,171 compared \$29,168 for the same period in the previous year. Shareholder communications include stock transfer fees. The \$12,997 decrease over the prior period is attributable to additional expenditures in 2012 relating to the Company's listing on the CSE and initiating operations as a merchant investment bank.

Director's fees for the twelve months ended September 30, 2013 were \$50,000 compared \$56,500 for the same period in the previous year.

Share-based compensation for the twelve months ended September 30, 2013 was \$229,000 compared \$97,400 for the same period in the previous year. This amount was calculated as the fair value of the 300,000 options issued in August 2013 and the \$0.20 reduction in outstanding option exercise prices due to the return of capital paid to shareholders in September 2013.

Foreign exchange gains for the twelve months ended September 30, 2013 was \$127,524 compared \$4,359 for the same period in the previous year. The \$123,165 increase over the comparative period is due to a number of transactions in US dollars and Australian dollars at a higher Canadian rate of exchange.

SUMMARY OF QUARTERLY RESULTS¹

	4 th Quarter Ended September 30, 2013	3 rd Quarter Ended June 30, 2013	2 nd Quarter Ended March 31, 2013	1 st Quarter Ended December 31, 2012
(a) Total revenues	nil	nil	nil	nil
(b) Net income (loss)	(\$2,957,198)	(\$1,897,981)	(\$1,571,252)	(\$601,010)
(c) Net income (loss) per share - basic	(\$0.18)	(\$0.11)	(\$0.09)	(\$0.04)
(d) Investments at fair value	\$12,577,092	\$14,979,454	\$17,816,887	\$18,377,093
(e) Total assets	\$16,332,826	\$22,368,820	\$24,275,068	\$26,139,345

	4 th Quarter Ended September 30, 2012	3 rd Quarter Ended June 30, 2012	2 nd Quarter Ended March 31, 2012	1 st Quarter Ended December 31, 2011
(a) Total revenues	nil	nil	nil	nil
(b) Net income (loss)	(\$100,520)	\$4,822,504	\$52,720	(\$882,042)
(c) Net income (loss) per share - basic	(\$0.00)	\$0.29	(\$0.00)	(\$0.02)
(d) Investments at fair value	\$15,898,388	\$11,076,351	\$4,597,683	\$447,471
(e) Total assets	\$27,505,320	\$27,628,599	\$22,613,735	\$22,911,424

¹ Financial information prepared in accordance with IFRS

Liquidity and Capital Resources

As at September 30, 2013, the Company had working capital of \$16,002,056 (September 30, 2012 - \$26,915,967) including cash and cash equivalents that totaled \$3,640,015 (September 30, 2012 - \$11,516,054). At this time management believes that this is sufficient to meet currently expected operating requirements over the next year and does not foresee any circumstances under which additional financing would be required.

Contractual Obligations

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.

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 \$90,000 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 the discussion presented under "**Related Parties**" as presented elsewhere herein.

Key management includes current and former senior officers and directors (executive and non-executive) of the Company. The 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 were unsecured, non-interest bearing and due on demand.

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 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

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 of IFRS 9 does not have a mandatory effective date, 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, 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.

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 equity securities, debt securities and derivative financial instruments or instruments in which there exists an embedded derivative. All of the Company's investments at fair value are carried on a fair value through profit or loss basis and recorded at their fair value. As such, changes in fair value affect earnings as they occur.

The following table summarizes the effect on net income as a result of fair value change in investments at fair value as at September 30, 2013. This analysis assumes all other variables remain constant in accordance with the company's established accounting policies:

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:

NEMI Energy & Mining Inc.
Management's Discussion and Analysis of Financial Position and Results of Operations (continued)
For the year ended September 30, 2013

	September 30, 2013	Estimated fair values		
		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

	September 30, 2012	Estimated fair values		
		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

The Company's movement in Level 3 held for trading securities consist 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, 2012, the Company is exposed to currency losses 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.

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.

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.

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.

			September 30, 2013		
Financial instrument			Reported carrying value	Effect of a 100 bps change in interest rates	
				Increase	(Decrease)
			\$	\$	\$
Cash	and	cash	3,640,015	36,400	(36,400)
equivalents					
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	11,516,054	115,161	(115,161)
equivalents					
Loans			2,090,000	20,900	(20,900)

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.

Outstanding Share Data

As at January 27, 2014, 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
<hr/>	
Issued Fully-paid and Outstanding	
Class A Common shares	16,727,135
Options Outstanding	
Common class A shares, having a weighted average exercise price of \$0.58 each	1,250,000
<hr/>	

Risks and Uncertainties

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

- New enterprise

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

- Concentration of investments

Other than as disclosed in this MD&A, there are no restrictions on the proportion of Company funds and no limit on the amount of funds that may be allocated to any particular investee company, industry or sector. NEMI may participate in a limited number of investments and, as a consequence, financial results may be substantially adversely affected by the unfavorable performance of a single investment, or sector.

Completion of one or more investments may result in NEMI having a disproportionate investment in a particular investee company, business, industry or sector could result in a disproportionately high concentration of investment risk exposure associated with one particular investment.

- Illiquid marketable and other securities held for trading

NEMI may invest in illiquid marketable and other securities held for trading 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 investment in the marketable securities portfolio will affect the market price of NEMI's Common Shares, at any time, the value of which may vary significantly from the Company's book value per share. This risk is separate and distinct from the risk that the market price of NEMI Common Shares may decrease.

- Available opportunities and competition for investments

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

- Share prices of investments

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

- No guaranteed return

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

- Due diligence

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

- Cash flow / investment income

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

- Volatility of share price

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

- Need for additional capital and access to capital markets

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

There can be no assurance that NEMI will be able to obtain adequate financing, or financing on terms that are reasonable or acceptable for these or other purposes, or to fulfill the Company's future

obligations as they become due. Failure to obtain such additional financing could result in delay or indefinite postponement of further investment or growth in NEMI's marketable securities portfolio.

- Non-controlling interests

NEMI investments in marketable and other securities held for trading 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 the NEMI investment in marketable and other securities held for trading could decline to the detriment of the Company's financial position, results of operations and cash flows and NEMI share prices.

- Reliance on management's expertise

NEMI is dependent upon the effort, skill and business contacts of key members of 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.

- No on-going active business operations

Currently the Company has minimal assets other than cash, investment in marketable and other securities held for trading and is unlikely to generate any earnings or pay dividends until at least after its cash is more fully invested or in the alternative; a new business interest is secured. Further, no assurance can be provided that such new business interests can be secured or that any business interest that may be secured can be operated profitably or that the Company's investment activities in marketable and other securities held for trading 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 a opportunity is identified, there can be no assurance that the company will be able to successfully complete the transaction and implement a profitable business plan.

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

- Potential for interest dilution

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

- Ability to secure prerequisite approvals

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

- Shareholder rights

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

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

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, 2013, 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 September 30, 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 IFRS.

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

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

The CEO and the CFO have evaluated the design and effectiveness of internal controls over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, as at September 30, 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 year ended September 30, 2013.

Outlook

As at January 27, 2013, with approximately \$16 million in working capital including cash and cash equivalents totaling approximately \$3.5 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 CSE, the Company files monthly progress reports on the CSE website at www.cnsx.ca.