**Dated: May 27, 2014**

## MANAGEMENT'S RESPONSIBILTY FOR FINANCIAL REPORTING

This interim management's discussion and analysis ("MD&A") reports on the operating results and financial condition of NEMI Northern Energy & Mining Inc. (the "Company" or "NEMI") for the six months ended March 31, 2014 and is prepared as at May 27, 2014. This interim MD&A should be read in conjunction with the Company's audited annual financial statements for the years ended September 30, 2013 and 2012 and the notes thereto which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB"), together with the unaudited condensed interim consolidated financial statements as at and for the six months ended March 31, 2014, which were prepared in accordance with IFRS and in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting (collectively referred to as the "Financial Statements"). Other information contained in these documents has also been prepared by management and is consistent with the data contained in the Financial Statements.

All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

## APPROVAL

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that this interim MD&A does not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the periods reported. The Financial Statements together with the other financial information included in this interim MD&A fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in this interim MD&A. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing. The Board of Directors has approved the Financial Statements and MD&A, as well as ensured that management has discharged its financial responsibilities as at May 27, 2014.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions, or other future performance suggested herein.

Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. These forward looking statements include but are not limited to statements concerning:

- The Company's success at completing future financings
- The Company's strategies and objectives
- The Company's cost reductions and other financial operating objectives
- The availability of qualified employees for business operations
- General business and economic conditions
- The Company's ability to meet its financial obligations as they become due
- The Company's ability to identify, successfully negotiate and/or finance an acquisition of a new business opportunity
- The positive cash flows and financial viability of new business opportunities
- The Company's ability to manage growth with respect to a new business opportunity
- The Company's tax position, anticipated tax refunds and the tax rates applicable to the Company

Readers are cautioned that the preceding list of risks, uncertainties, assumptions and other factors are not exhaustive. Events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by these forward looking statements. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, investors in securities of the Company should not place undue reliance on these forward-looking statements.

## OVERVIEW AND OUTLOOK

NEMI Northern Energy & Mining Inc. (the "Company" or "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 maximize the Company's 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. 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.

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.

**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 at fair value.

As at March 31, 2014, the Company held investments at fair value for investment purposes having a fair value of $14,130,399 (cost - $13,520,652) detailed as follows:

| | **March 31, 2014** | | September 30, 2013 | |
|---|---|---|---|---|
| | **Fair value** | **Cost** | Fair value | Cost |
| | **$** | **$** | $ | $ |
| **Publicly traded securities** | **5,469,059** | **6,934,312** | 4,172,622 | 7,160,884 |
| **Private equity securities** | **6,340,000** | **4,150,000** | 6,240,000 | 4,050,000 |
| **Loans** | **2,321,340** | **2,436,340** | 2,164,470 | 2,279,470 |
| | **14,130,399** | **13,520,652** | 12,577,092 | 13,490,354 |

Changes in the Company's investments at fair value for the six months ended March 31, 2014 were as follows:

| | **2014** | 2013 |
|---|---|---|
| | **$** | $ |
| **Opening Balance** | **12,577,092** | 15,898,388 |
| **Purchases** | **3,261,640** | 4,825,799 |
| **Distributions** | **(1,120,275)** | - |
| **Proceeds on disposition** | **(1,606,764)** | (943,092) |
| **Realized gains (losses) on disposition** | **(752,786)** | 124,707 |
| **Foreign exchange gains** | **289,083** | 101,702 |
| **Unrealized gains (losses)** | **1,482,409** | (2,190,617) |
| **Balance** | **14,130,399** | 17,816,887 |

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 totaling $729,623 (2013 – ($2,065,910)) have been recognized in income for the six months ended March 31, 2014.

### *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.

### *Black Eagle Mining Corporation ("BEM")*

BEM is a private company incorporated under the laws of British Columbia and holds a 100% interest in certain applications forming the Blackstone metallurgical coal project in Alberta purchased pursuant to an agreement between BEM and Rio Tinto Exploration Canada Inc.

On March 16, 2012, NEMI acquired 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. 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.

On March 26, 2013, NEMI acquired an additional 200,000 common shares of BEM for a purchase price of $1.50 per share.

As at March 31, 2014, the Company held 5.2 million common shares representing 14.6% of the outstanding share capital of BEM. 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.

### *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 1,250 London good delivery gold ounces ("Gold Ounces") at a stated price of US$1,200 per ounce (the "Gold Call Option"). In addition, NEMI secured 1,500,000 BZA common share purchase warrants exercisable at a price of $0.50 each for a period of two years from the date of issuance. As at September 30, 2012, in recognition of the Gold 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 and 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 (the "Amended BZA Gold Loan"). Among the amended and revised terms and conditions was a reduction in the strike price of the Gold Call Option from the original US$1,200 to US$1,100 per ounce meaning the potential number of Gold Ounces to be delivered increased from 1,250 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. 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.

In November 2013, 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. The strike price of the Gold Call Option was reduced to US$900 per ounce which if exercised would result in the delivery of 9,557 gold ounces (2,333 gold ounces to NEMI) 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 had until February 2, 2014 to cure the default; to date BZA has not done so.

Should BZA file for, or be petitioned into, 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 March 31, 2014, the fair value of the BZA Gold Loan was estimated to equal US$2,100,000 (approximately $2,233,560) which amounted to the principle advanced.

On April 14, 2014 BZA announced it had entered into a definitive agreement with Kerr Mines Inc ("KER"), an arm's length company, for a merger of the two companies' operations pursuant to which BZA shareholders will receive 0.53 common shares of KER in exchange for each BZA share held. The agreement is subject to a number of conditions including regulatory approval and BZA shareholder approval at the meeting scheduled for June 20, 2014.

On May 1, 2014, NEMI, BZA and KER entered into an agreement pursuant to which NEMI has agreed, subject to regulatory approval, to settle the full amount of the NEMI's gold loan to BZA, plus all accrued interest thereon in consideration of BZA issuing 48,762,489 common shares of BZA to NEMI and KER issuing a secured promissory note from KER in the principal amount of US$2,100,000 to NEMI. The KER promissory note will bear interest at a rate of 6% per annum, with six semi-annual payments of principal and interest commencing on June 20, 2015, and will be convertible into common shares of KER at a price of $0.06 per share. The note will be secured by a pledge of the assets and share capital of Bonanza Explorations Inc., an operating subsidiary of BZA, which will become an operating subsidiary of KER upon completion of the arrangement transaction between BZA and KER announced on April 14, 2014.

## SELECTED ANNUAL FINANCIAL INFORMATION

| | For the year ended September 30, 2013 | For the year ended September 30, 2012 | For the year ended September 30, 2011 |
|---|---|---|---|
| | | | |
| Income (loss) and comprehensive income (loss): | | | |
| (i) total for the year | ($7,027,441) | $3,892,662 | $13,543,813 |
| (ii) per share | ($0.42) | $0.15 | $0.25 |
| Total assets | $16,332,826 | $27,493,756 | $76,113,961 |
| Total current liabilities | $330,770 | $577,789 | $851,247 |
| Total long-term financial liabilities | $ Nil | $ Nil | $ 10,152,133 |

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 maximize the Company's 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.

## SUMMARY OF QUARTERLY RESULTS[1]

| | 2nd Quarter Ended March 31, 2014 | 1st Quarter Ended December 31, 2013 | 4th Quarter Ended September 30, 2013 | 3rd Quarter Ended June 30, 2013 |
|---|---|---|---|---|
| Total revenues | $nil | $nil | $nil | $nil |
| Income (loss) and comprehensive income (loss) | $1,202,807 | ($283,984) | ($2,957,198) | ($1,897,981) |
| Income (loss) per share (basic and fully diluted) | $0.07 | ($0.02) | ($0.18) | ($0.11) |
| Investments at fair value | $14,130,399 | $12,427,565 | $12,577,092 | $14,979,454 |
| Total assets | $17,264,032 | $16,051,131 | $16,332,826 | $22,368,820 |
| | **2nd Quarter Ended March 31, 2013** | **1st Quarter Ended December 31, 2012** | **4th Quarter Ended September 30, 2012** | **3rd Quarter Ended June 30, 2012** |
| Total revenues | $nil | $nil | $nil | $nil |
| Income (loss) and comprehensive income (loss) | ($1,571,252) | ($601,011) | ($100,520) | $4,822,504 |
| Income (loss) per share (basic and fully diluted) | ($0.09) | $(0.04) | ($0.00) | $0.29 |
| Investments at fair value | $17,816,887 | $18,377,093 | $15,898,388 | $11,076,351 |
| Total assets | $24,275,068$ | $26,139,345 | $27,505,320 | $27,628,599 |

***1** Financial information prepared in accordance with IFRS*

## RESULTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED MARCH 31, 2014

The following is an analysis of the Company's operating results for the three and six months ended March 31, 2014, and includes a comparison against the three and six months ended March 31, 2013.

**Net income (loss) and comprehensive income (loss)** for the three and six months ended March 31, 2014 amounted to $1,202,807 and $918,823 or $0.07 and $0.05 per share respectively (2013 – loss of ($1,571,252) and ($2,172,262) or ($0.09) and ($0.13) per share respectively) based on a weighted average number of shares outstanding of 16,737,450 common shares (2012- 16,652,135).

**Income (losses) on investments at fair value** for the three and six months ended March 31, 2014 were $1,955,252 and $729,623, respectively (2013 – ($1,524,428) and ($1,964,208), respectively). The income and losses resulted from investing activities of the Company in its publicly traded securities portfolio.

**Interest and other income** for the three and six months ended March 31, 2014 were ($845,212) and $170,911, respectively (2013 – $121,768 and $236,973, respectively). Included in this income amount was interest income in the amount of $137,125 and $145,919, respectively (2013 - $113,086 and $220,174, respectively). Also included in this income amount was dividend income of $(982,337) and $21,683, respectively (2013 - $8,682 and $16,799, respectively) that was earned through its investments in publicly traded securities. Dividend income is a negative amount for the three months ended March 31, 2014 due to a reclassification of amounts received as return of capital distributions on some of the Company's publicly traded securities in Q12014; $982,388 was reclassified from dividend income to a reduction in the cost of these securities. The remaining amount of miscellaneous income included in this amount is $nil and $3,309, respectively (2013 - $nil) which resulted from refunds from various vendors.

**Remuneration and benefits** for the three and six months ended March 31, 2014 were $40,919 and $94,858, respectively as compared to $72,751 and $191,926, respectively for the same period in the previous year. The majority of the decrease from 2013 to 2014 is due to the engagement of the new CFO in August 2013 and a 20% reduction in the monthly salary to the CEO, beginning January 1, 2014.

**Professional fees** for the three months and six months ended March 31, 2014 were $18,380 and $18,380 as compared to $43,347 and $119,233, respectively for the same period in the previous year. Professional fees reflect legal and accounting costs for the period. Professional fees were higher in 2013 because of additional legal 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.

**General and administrative expenses** for the three and six months ended March 31, 2014 were $23,546 and $107,115, respectively compared to $26,021 and $79,427, respectively for the same period in the previous year. General and administration expenditures include expense items such as rent, insurance, office supplies and director's travel expenses. General and administrative expenses in 2014 included a write down of $51,555 in exploration expenditures that had been classified as "prepaid expenses" in 2011 and 2012. Not including this write-off, general and administrative expenses in the six months ended March 31, 2014 were $23,867 lower than in the comparative period in 2013. The majority of the decrease can be attributed to the expiration of an office lease in August 2013 and lower travel expenditures being incurred.

**Shareholder communication** expenses for the three and six months ended March 31, 2014 were $1,721 and $3,645, respectively compared $2,544 and $4,158, respectively for the same period in the previous year. Shareholder communications include stock transfer fees. In 2013 there were additional shareholder communication expenditures related to the Company listing on the CSE and initiating operations as a merchant investment bank.

**Director's fees** for the three months and six months ended March 31, 2014 were $10,000 and $22,500, respectively compared to $ 12,500 and $25,000 for the same period in the previous year. Director's fees were reduced by 20% commencing January 1, 2014.

## RISKS AND UNCERTAINTIES

Investors should be aware that an investment in the common shares of the Company involves a high degree of risk. 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 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.

**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.

**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 and Trading Price of Common Shares Relative to Profit and/or Net Asset Value**

No assurance can be provided that an active and liquid market for the Company's common shares will be sustained and that the market accurately reflects the value of the shares. 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 CSE, 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.

## LIQUIDITY AND CAPITAL RESOURCES

The Company defines capital that it manages as cash and equity, consisting of issued common shares, share-based payment reserve and stock options. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, to fund existing operations and the search for new business opportunities in order to provide returns to its shareholders. The Company does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain the future development of the business. The Company manages and adjusts its capital structure as a result of changes in economic conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to any externally imposed capital requirements or debt covenants. There was no change to the Company's approach to capital management during the period ended March 31, 2014.

As at March 31, 2014, the Company had working capital of $16,910,879 (September 30, 2013 - $16,002,056) including cash and cash equivalents that totaled $2,928,383 (September 30, 2013 - $3,640,015). 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.

## SHARE CAPITAL

### (a) Authorized

Unlimited number of Class A voting Common Shares without par value
Unlimited number of preferred shares issuable in one or more series with rights and quantity subject to the discretion of the directors

### (b) Issued and Outstanding

As at March 31, 2014 the total number of common shares issued and outstanding was 16,726,135. As of the date of this MD&A the total number of common shares issued and outstanding is 16,876,135.

### (c) Stock Options

During the six month period ended March 31, 2014, 100,000 stock options granted to the former CFO were cancelled. Subsequent to March 31, 2014 and as of the date of this MD&A 150,000 stock options were exercised.

As at March 31, 2014 a summary of stock options exercisable and outstanding is 1,150,000 Common Class A shares, having a weighted average exercise price of $0.58 each.

As at the date of this MD&A, a summary of stock options exercisable and outstanding is 1,000,000 Common Class A shares, having a weighted average exercise price of $0.62 each.

## RELATED PARTY TRANSACTIONS

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.

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 income (loss) and comprehensive income (loss) and included in reported expenses for the three and six month period ended March 31 as follows:

For the six months ended March 31, 2014, the Company was involved in the following related party transactions:

| | **For the three months ended March 31,** | | **For the six months ended March 31,** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| Remuneration and benefits | **$ 40,000** | $ 81,575 | **$ 90,000** | $ 172,750 |
| Directors Fees and expenses | **12,740** | 12,500 | **32,094** | 25,000 |
| General and administrative | **18,750** | - | **37,500** | - |
| | **$ 71,490** | $ 94,075 | **$ 159,594** | $ 197,750 |

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

Included in accounts payable and accrued liabilities as at March 31, 2014 is $314,944 (September 30, 2013 - $237,420) due to the key management in consideration for unpaid remuneration and benefits and / or out-of-pocket expenses incurred in the course of fulfilling their responsibilities. The amounts owing were unsecured, non-interest bearing and due on demand.

As at March 31, 2014, the Company's investments at fair value include private company equity securities of $6,240,000 which amounts to a 14.6% interest in BEM. NEMI and BEM have two directors in common.

As at March 31, 2014, the Company's investments at fair value include public company equity securities of $70,540 which amounts to a 17.3% interest in Vangold Resources Ltd. ("VAN"). As of April 3, 2014 NEMI's CEO is a director of VAN.

As at March 31, 2014, the Company has a management services agreement with a private company with which the Company's CFO exercises significant influence.

## FINANCIAL INSTRUMENTS

**(a) Fair Value**

The fair values of receivables, loan payable and accounts payable and accrued liabilities approximate their carrying values due to their short term maturity. The Company's other financial instrument, cash, under the fair value hierarchy is based on level one quoted prices in active markets for identical assets or liabilities.

**(b) Financial Risk Factors**

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**I. Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fail due. At March 31, 2014, the Company has a cash balance of $2,928,383 to settle current liabilities of $353,153. The Company manages its 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.

**II. Currency risk**

A portion of the Company's financial assets and liabilities is denominated in foreign currencies giving rise to risks from changes in foreign exchange rates. For every 1% change in the US-Canadian exchange rate, as at March 31, 2014 the Company's financial instruments will experience an approximate $43,000 change in value. As at March 31, 2014, except for cash and investments at fair value of approximately USD$4,279,251 (September 30, 2013 - USD$3,260,972) a majority 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.

**III. Credit risk**

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual 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 March 31, 2014, the Company was carrying loans to third parties in the amount of approximately $2,321,340 (September 30, 2013-$2,164,470). 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.

**IV. 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.

If interest rates had increased or decreased by 100 basis points and were applied to the reported balances of cash and cash equivalents and loans as of March 31, 2014 and assuming all other variables are constant, the Company would experience an approximate $52,517 change in the value of these financial instruments. This sensitivity analysis assumes all other variables are constant. The methodology used to calculate the interest rate sensitivity is consistent.

**V. 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 effect earnings as they occur. As at March 31, 2014, any 10% change in fair value of its investments would have a $1,405,710 effect on its net income. As all of the investments are carried on a held-for-trading basis, changes in the market value are included in income for the period and have no potential effect on other comprehensive income.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with International Financial Reporting Standards ("IFRS") requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

### (a) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year included:

#### i. Share-based payments

The fair value of stock options issued are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in the subjective input assumptions can materially affect the fair value estimate.

#### ii. Income tax

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

#### iii. 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.

**(b) Critical accounting judgements**

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the statements are, but are not limited to, the following:

**i. Determination of functional currency**

The functional and reporting currency of the Company is the Canadian dollar. The functional currency determination was conducted through an analysis of the consideration factors identified in IAS 21, The Effects of Changes in Foreign Exchange Rates. The determination of functional currency involves certain judgments to determine the primary economic environment and the Company reconsiders the functional currency if there are changes in events and conditions of the factors used in the determination of the primary economic environment.

**ii. Going Concern**

The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available for its operations and working capital requirements.

## CHANGES IN ACCOUNTING POLICIES

There has been no material impact on these financial statements from changes in accounting standards during the year.

## RECENT ACCOUNTING PRONOUNCEMENTS

The following new IFRS standard, which becomes effective for annual periods beginning on or after January 1, 2014, has not been applied in preparing these financial statements.

i. Amended standard IAS 32 Financial Instruments: Presentation
The amendments to IAS 32 pertained to the application guidance on the offsetting of financial and financial liabilities.

Effective for annual periods beginning on or after January 1, 2015

i. New standard IFRA 9 Financial Instruments
Partial replacement of IAS 39 Financial Instruments: Recognition and Measurement

The Company has not early adopted these revised standards and is currently assessing the impact that these standards could have on future financial statements. None of these standards are anticipated to have a material impact on the Company's financial statements.

## OFF-BALANCE SHEET ARRANGEMENTS

The Company currently has no off-balance sheet arrangements.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available at www.sedar.com.