



## NEWS RELEASE

### NEMI Announces Agreement to Sell Interest in Peace River Coal Limited Partnership

**August 17, 2011 – Vancouver, BC, Canada.** NEMI Northern Energy and Mining Inc. [TSX: NNE.A] (the "**Company**") has entered into an agreement (the "**Asset Purchase Agreement**") with Anglo Coal Canada Limited ("**Anglo American**"), pursuant to which the Company has agreed, subject to customary conditions, to sell all of the Company's 12.18% interest in the Peace River Coal Limited Partnership ("**PRC**") (along with its interest in the PRC general partner and related documents and property) to Anglo American for a cash purchase price (the "**Purchase Price**") of C\$73 million. The Asset Purchase Agreement is subject to TSX and shareholder approval. Currently, the Company has 54,941,635 common shares outstanding (67,385,635 common shares assuming conversion of all of the currently outstanding convertible debentures of the Company, which have an aggregate principal amount of \$10,499,000 and are exercisable at \$0.90) Shareholders holding an aggregate of 37,775,480 shares, representing 68.8% of the Company's outstanding shares (including 7,934,500 shares, representing 14.4% which are held by Company directors) have committed to vote in favour of the transaction.

The Company will call a special general meeting of shareholders (the "**Meeting**") to be held on September 26, 2011 to obtain shareholder approval of the proposed disposition of the Company's interest in PRC. As the Asset Sale will constitute a sale of substantially all of the Company's current assets, closing is conditional upon, among other things, the approval by not less than two-thirds of the votes cast by shareholders at the Meeting.

PRC is a partnership of the Company, Anglo American and Hillsborough Resources Ltd. ("**Hillsborough**"), the holder of a 12.99% PRC interest. The Company understands that Anglo American has also agreed to purchase Hillsborough's interest in PRC and has represented under the Asset Purchase Agreement that the pro-rata consideration paid to Hillsborough does not differ materially from the Purchase Price to be paid to the Company.

Under the terms of the Asset Purchase Agreement, if the Company receives a bona fide unsolicited offer for an alternative transaction involving a business combination, sale or other disposition of the Company's interest in PRC which would result in a transaction which is superior, from a financial point of view, to the Company and its shareholders than the Asset Sale (a "**Superior Proposal**"), Anglo American will have the right, for a period of five business days, to amend the Asset Purchase Agreement to match the Superior Proposal. If Anglo American does not provide the Company with a matching offer within the five business days allotted, the Company may pay Anglo American a break fee of \$3,000,000, terminate the Asset Purchase Agreement and accept the Superior Proposal. If the requisite shareholder approval for the Asset Sale is not obtained, Anglo American may terminate the Asset Purchase Agreement and the Company will be required to pay Anglo American a break fee of \$1,000,000.

In connection with its review of the proposed Asset Sale, the board of directors have commissioned an independent fairness opinion (the "**Fairness Opinion**") prepared by Salman Partners Inc. in respect of the adequacy of the Purchase Price proposed under the terms of the Asset Purchase Agreement. Salman

Partners Inc. has provided a verbal opinion to the board of directors that the Asset Sale is fair from a financial point of view to the Company's shareholders.

Having considered the opinions provided in the Fairness Opinion the board and management are of the opinion that the Purchase Price represents fair and adequate consideration for the Company's interest in PRC. Accordingly, the board of directors have approved the Asset Sale, subject to certain conditions including approval by the shareholders of the Company.

Hillsborough completed a statutory plan of arrangement with Vitol Anker International B.V. (the "**Hillsborough Arrangement**") in December 2009. As disclosed in the Company's Annual Information Form dated December 29, 2010, at the time of the Hillsborough Arrangement, the Company held 1,360,500 common shares of Hillsborough (the "**Dissent Shares**"). The Company dissented in respect of the Hillsborough Arrangement and commenced arbitration proceedings against Hillsborough in connection with the Company's preferential purchase rights under the PRC limited partnership agreement. The Company has agreed that, if Hillsborough completes a sale of its interest in PRC to Anglo American, the Company will release its claims against Hillsborough under the arbitration proceedings, provided that the Company is paid a price of \$0.50 per Dissent Share due to it under the Hillsborough Arrangement.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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*This news release includes forward-looking statements that are subject to risks and uncertainties. All statements within, other than statements of historical fact, are to be considered forward looking. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results or developments may differ materially from those in forward-looking statements. Factors that could cause actual results to differ materially from those in forward-looking statements include market prices, continued availability of capital and financing, and general economic, market or business conditions. There can be no assurances that such statements will prove accurate and, therefore, readers are advised to rely on their own evaluation of such uncertainties. We do not assume any obligation to update any forward-looking statements.*

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