



NEWS RELEASE

NEMI TO MAKE A SUBSTANTIAL ISSUER BID

October 21, 2011 – Vancouver, BC, Canada. NEMI Northern Energy and Mining Inc. [TSX: NNE.A] ("NEMI" or the "Company") announced today the Board of Directors of the Company has approved making a substantial issuer bid (the "Offer") pursuant to which the Company will offer to repurchase for cancellation: (i) up to 38,000,000 of its outstanding Class A Common Shares (the "Shares") at a purchase price of \$1.06 per share (the "Share Purchase Price"); and (ii) up to \$10,449,000 in principal amount of outstanding 8% convertible debentures (the "Debentures") at a purchase price of \$117.78 per \$100 in principal amount of Debenture (the "Debenture Purchase Price") plus accrued and unpaid interest.

The Share Purchase Price represents a 10% premium over today's closing price of the Shares on the TSX. The Debenture Purchase Price represents an effective purchase price of \$1.06 per Share, equal to the Share Purchase Price, assuming that the Debenture holder converted the Debenture, and tendered the Shares issuable on conversion under the Offer.

The Offer will not be conditional on any minimum number of Shares or principal amount of Debentures being tendered to the Offer, but will be subject to other conditions customary for transactions of this nature. It is anticipated that the formal offer to purchase and issuer bid circular and other related documents (the "Offer Documents") containing the terms and conditions of the Offer and instructions for tendering Shares and Debentures will be mailed to shareholders and Debenture holders and filed with applicable regulators and available on SEDAR at www.sedar.com in the coming weeks. The Offer will remain open for acceptance for at least 35 days after the date of commencement, unless withdrawn or extended by the Company.

Salman Partners Inc. ("Salman") has been engaged by the Company as the independent valuator to prepare a formal valuation of the Shares for the Board. Salman has provided a verbal opinion to NEMI's Board that, based on the scope of its review and subject to customary assumptions, restrictions and limitations, as of Thursday, October 20, 2011, the fair market for the Shares was between \$1.06 and \$1.13. 91% of the range in fair market value is related to a tax reserve for a potential tax liability related to the sale of the Company's interest in the Peace River Coal Limited Partnership.

After considering the valuation opinion provided by Salman, the Board of Directors of the Company has authorized the making of the Offer. The Board of Directors' decision to authorize making the Offer was based on a number of factors, including that the Offer is an equitable and efficient means to distribute a majority of NEMI's current cash on-hand to its securityholders, the deposit of Shares and Debentures is optional and shareholders and Debenture holders are free to accept or reject the Offer, and that, after giving effect to the Offer, the Company is expected to have sufficient financial resources and working capital to fund operations.

NEMI's Shares are currently listed for trading on Toronto Stock Exchange (the "TSX"). In order to maintain a listing on Toronto Stock Exchange, certain qualitative and quantitative requirements must be

met. Due to the Company having sold all of its assets, the TSX has notified NEMI that it will initiate a delisting review. If the Company is unable to meet TSX's original listing requirements by the end of the review period the Company will seek a listing on the TSX Venture Exchange or such other recognized stock exchange as the Board of Directors determines. The Company is currently contemplating seeking a listing as an investment issuer, subject to a number of conditions including, but not limited to, advice from the Company's legal and financial advisors, and receipt of regulatory approval including approval of the exchange on which it is listed.

Neither the Company nor its Board of Directors makes any recommendation to shareholders or Debenture holders as to whether to tender or refrain from tendering their securities to the Offer.

Shareholders and Debenture holders are strongly urged to consult their own financial, tax and legal advisors and to make their own decisions as to whether to tender or refrain from tendering their securities to the Offer and, if so, how many Shares, or what principal amount of Debenture to tender.

This press release is for information purposes only and is not an offer to buy or the solicitation of an offer to sell Shares or Debentures.

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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