



Dear fellow shareholders,

Enclosed please find the Information Circular for NEMI's upcoming shareholder meeting. The NEMI board of directors and I are asking you to vote on September 26th to approve the proposed sale of NEMI's 12% stake in the Peace River Coal LP (PRC) to Anglo Coal Canada Inc. (Anglo) for \$73 million.

Anglo conducted a lengthy sales process for 100% of PRC that was ultimately unsuccessful. Anglo terminated the sales process in May 2011 and indicated that it would retain and grow PRC as a core asset. They approached us and offered to buy our interest for not less than the best bid they received during the sales process. After negotiation we agreed to sell for \$73 million.

I was disappointed in the outcome of the Anglo sales process since selling alongside Anglo was NEMI's best option for monetizing its stake in PRC. While PRC has tremendous potential, it will require significant capital investment going forward and the dilution risk for NEMI would be considerable based on NEMI's balance sheet and former share price. PRC proved to be a difficult asset to sell in its entirety. Selling a minority stake to an outside party would be harder. For these reasons the board and I think it is in the shareholder's best interests to sell our PRC stake to Anglo.

Upon completion of the proposed sale, our primary asset will be cash in excess of \$75 million. We currently don't expect to pay tax on the sale. We have \$10.5 million face value of convertible debt outstanding. If the debt holders were to convert, we would have no debt and 67.4 million fully diluted shares outstanding.

I will urge the NEMI board to return at least \$50 million (and an additional dollar for every dollar of debt converted) to shareholders by way of an issuer bid to occur shortly after the close. Details will be forthcoming after our tax and legal analysis is concluded.

In any event, I plan on keeping the vast majority of my NEMI shares and for NEMI to continue on in some fashion. NEMI will do what I have always done throughout my career; opportunistically look for ways to make money in a legal and ethical manner. I hope some of you are willing to continue as NEMI shareholders.

In anticipation of a successful shareholder meeting, stop by the St. Regis Bar and Grill, 608 Dunsmuir Street, Vancouver at 4 PM on September 26th to say hello.

Michael Cooney  
Chairman of the Board  
August 29, 2011