Consolidated Financial Statements of

NIMIN ENERGY CORP.

As at and for the years ended December 31, 2012, 2011 and 2010

Expressed in US dollars

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NiMin Energy Corp.:

We have audited the accompanying consolidated statement of net assets in liquidation (liquidation basis) of NiMin Energy Corp. and subsidiary (the Company) as of December 31, 2012, and the related consolidated statement of changes in net assets in liquidation (liquidation basis) for the period June 30, 2012 through December 31, 2012. We have also audited the consolidated balance sheet of the Company as of December 31, 2011 and the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the period of January 1, 2012 through June 30, 2012 and the year ended December 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1 to the consolidated financial statements, the shareholders of NiMin Energy Corp. approved a plan of liquidation on June 26, 2012. As a result, the Company changed its basis of accounting effective June 30, 2012, from the going-concern to a liquidation basis.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated net assets in liquidation (liquidation basis) as of December 31, 2012, the consolidated changes in net assets in liquidation for the period of June 30, 2012 to December 31, 2012, the consolidated financial position of NiMin Energy Corp. and subsidiary as of December 31, 2011, and the results of their operations and cash flows for the period from January 1, 2012 to June 30, 2012 and the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Los Angeles, California
March 11, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of NiMin Energy Corp.

We have audited the accompanying consolidated financial statements of NiMin Energy Corp., which comprise the consolidated statements of operations and comprehensive loss, cash flows and stockholders' equity for the year ended December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with United States generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated results of operations and consolidated cash flows of NiMin Energy Corp for the year ended December 31, 2010 in accordance with United States generally accepted accounting principles.

Chartered Accountants

Calgary, Canada
March 24, 2011

NiMin Energy Corp.
Consolidated Statement of Net Assets as of December 31, 2012 (Liquidation Basis)
Consolidated Balance Sheet as of December 31, 2011 (Going Concern Basis)

(Expressed in U.S. dollars)

	2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$ 9,657,306	$ 3,811,028
Other accounts receivable	60,129	—
Income tax receivable	329,185	—
Trade accounts receivable	—	3,131,004
Prepaid expenses and well costs	—	311,922
Crude oil inventory	—	149,553
Total current assets	10,046,620	7,403,507
Debt issuance costs	—	3,497,867
Restricted investments	—	784,261
Equipment, net	—	287,918
Crude oil and natural gas properties - full cost method		
Proved properties, net	—	78,077,780
Unproved properties	—	468,042
Total assets	$10,046,620	$ 90,519,375
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 71,654	$ 3,751,660
Accrued liabilities	—	1,253,855
Accrued professional fees related to liquidation	1,481,470	—
Other costs related to liquidation	452,717	—
Asset retirement obligations	203,861	—
Commodity derivative liability	—	976,929
Current portion of long-term debt	—	4,050,000
Total current liabilities	2,209,702	10,032,444
Long-term debt	—	31,950,000
Asset retirement obligations	—	1,180,661
Options	—	136,773
Warrants	—	235,134
Total liabilities	$ 2,209,702	$ 43,535,012
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par value, unlimited shares authorized, 69,834,396 issued and outstanding as of December 31, 2012 and 69,834,396 as of December 31, 2011		108,758,460
Additional paid in capital		12,177,534
Accumulated deficit		(73,951,631)
Total stockholders' equity		46,984,363
Total liabilities and stockholders' equity	$	$ 90,519,375
Net assets in liquidation (Note 2)	$ 7,836,918	
Net assets in liquidation per outstanding share	$ 0.11	

See accompanying notes to consolidated financial statements.

NiMin Energy Corp.

Consolidated Statements of Operations and Comprehensive Loss (Going Concern Basis)

For the six months ended June 30, 2012 and the years ended December 31, 2011 and 2010

(Expressed in U.S. dollars)

	Six months ended June 30 2012	2011	2010
Crude oil and natural gas revenues	$ 10,985,590	$24,305,685	$ 14,029,198
Expenses:			
Operating costs	4,257,619	11,565,565	9,116,563
General and administrative	6,043,260	7,894,479	7,888,736
Liquidation related expenses	7,537,423	—	—
Depreciation, depletion, amortization, and accretion	1,697,361	3,507,669	3,190,905
(Gain) Loss on crude oil derivative contract	(189,507)	753,053	708,032
	19,346,156	23,720,766	20,904,236
Income (loss) before other items	(8,360,566)	584,919	(6,875,038)
Interest income	10,673	44,595	54,070
Interest expense	(6,443,178)	(5,406,133)	(7,108,109)
Foreign exchange gain (loss)	(438)	(26,101)	6,617
Change in fair value of options	296,519	707,513	0
Change in fair value of warrants	235,134	1,062,208	1,674,053
Other	(22,818)	(196,649)	248,734
Other Reclamation Costs	(659,115)	—	—
Gain on sale of oil & gas properties and equipment	46,280,232	—	—
	39,697,009	(3,814,567)	(5,124,635)
Income (loss) before taxes	31,336,443	(3,229,648)	(11,999,673)
Income tax expense	2,478,263	—	386,772
Net income (loss) and comprehensive income (loss)	28,858,180	(3,229,648)	(12,386,445)
Basic and diluted income (loss) per share	$ 0.41	$ (0.05)	$ (0.21)

See accompanying notes to consolidated financial statements.

NiMin Energy Corp.
Consolidated Statements of Cash Flows (Going Concern Basis)
For the six months ended June 30, 2012 and the years ended December 31, 2011, and 2010

(Expressed in U.S. dollars)

	Six Months Ended June 30, 2012	2011	2010
Cash flows from operating activities:			
Net Income (loss)	$ 28,858,180	$ (3,229,648)	$(12,386,445)
Adjustments to reconcile net Income (loss) by (used in) operating activities:			
Depreciation, depletion, amortization, and accretion	1,697,361	3,507,669	3,190,905
Change in fair value of options	(296,519)	(707,513)	—
Change in fair value of warrants	(235,134)	(1,062,208)	(1,749,034)
Unrealized foreign exchange (gain) loss	—	—	(189,718)
Gain on sale of oil & gas properties	(46,377,296)	—	—
Stock-based compensation	2,289,568	2,605,892	2,716,621
Unrealized (gain) loss on crude oil derivative contracts	82,731	(365,109)	1,240,284
Write down of fixed assets	97,064	—	—
Non-cash interest expense	3,497,867	906,569	3,461,205
(Increase) decrease in assets:			
Trade accounts receivable	1,061,589	(1,307,337)	(313,908)
Prepaid expenses	311,922	(49,712)	(450,841)
Crude oil inventory	149,553	91,822	(20,481)
Other assets		1,797	274,500
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	7,850,251	(1,105,344)	3,242,289
Asset retirement obligation	659,114	—	—
Net cash provided by (used in) operating activities	(353,750)	(713,122)	(984,623)
Cash flows from investing activities:			
Purchase of and expenditures on crude oil and natural gas properties	(1,579,255)	(18,044,984)	(11,234,812)
Divestiture of crude and natural gas properties	—	1,000,000	—
Sale of oil & gas properties	119,245,819	—	—
Purchase of equipment	—	(68,564)	(111,427)
Increase in restricted investments	(3,143,741)	19,208	(483,469)
Net cash provided by (used in) investing activities	114,522,823	(17,094,340)	(11,829,708)
Cash flows from financing activities:			
Repayment of long-term debt	(36,000,000)	—	—
Repayment of short-term debt	—	—	(22,024,020)
Issuance of long-term debt	—	—	31,109,718
Repurchase of options	(29,108)	—	—
Exercise of warrants and options	—	8,521,761	—
Proceeds from issuance of common shares (net of costs)	—	3,606,725	10,076,420
Net cash provided by (used in) financing activities	(36,029,108)	12,128,486	19,162,118
Change in cash and cash equivalents during the period	78,139,965	(5,678,976)	6,347,787
Cash and cash equivalents at beginning of the period	3,811,028	9,490,005	3,142,218
Cash and cash equivalents at end of the period	$ 81,950,993	$ 3,811,029	$ 9,490,005
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 2,945,444	$ 4,500,000	$ 3,608,293
Cash paid for income tax expense	$ —	$ —	$ 386,772

See accompanying notes to consolidated financial statements.

NiMin Energy Corp.
Consolidated Statements of Stockholders' Equity (Going Concern Basis)
For the six months ended June 30, 2012 and the years ended December 31, 2011, and 2010

(Expressed in U.S. dollars)

	Common Stock				
	Shares	Amount	Additional Paid in Capital	Accumulated Deficit	Total Stockholders' Equity
Balance at December 31, 2009	52,410,977	$ 83,106,467	$ 7,069,407	$(58,505,342)	$ 31,670,532
Exercise of options	80,000	74,552			74,552
Warrants expired					—
Reclassified from warrant liability			74,982		74,982
Issuance of common stock	9,200,000	11,018,492			11,018,492
Stock issuance cost		(1,091,606)			(1,091,606)
Stock-based compensation expense			2,716,621		2,716,621
Net loss				(12,386,445)	(12,386,445)
Balance at December 31, 2010	61,690,977	$ 93,107,905	$ 9,861,010	$(70,891,787)	$ 32,077,128
Exercise of options	29,999	59,411	(21,022)		38,389
Exercise of warrants	5,354,800	8,483,372			8,483,372
Reclassified from warrant liability		4,258,164			4,258,164
Reclassified to options liability			(1,025,463)	169,804	(855,659)
Issuance of common stock	2,758,620	3,166,057	844,488		4,010,545
Stock issuance cost		(316,449)	(87,371)		(403,820)
Stock-based compensation expense			2,605,892		2,605,892
Net loss				(3,229,648)	(3,229,648)
Balance at December 31, 2011	69,834,396	$108,758,460	$12,177,534	$(73,951,631)	$ 46,984,363
Options repurchased		(29,108)			(29,108)
Exercise of warrants					—
Reclassified from warrant liability					—
Reclassified to options liability			(188,467)		(188,467)
Issuance of common stock					—
Stock issuance cost					—
Stock-based compensation expense			2,289,568		2,289,568
Net Income				28,858,180	28,858,180
Balance at June 30, 2012	69,834,396	$108,729,352	$14,278,635	$(45,093,451)	$ 77,914,536

See accompanying notes to consolidated financial statements.

NiMin Energy Corp.

Consolidated Statement of Changes in Nets Assets in Liquidation as of December 31, 2012 (Liquidation Basis)
(Expressed in U.S. dollars)

Net Assets in Liquidation as of June 30, 2012	$ 77,914,536
Increase (decrease) to net assets:	
Cash distribution to shareholders from July 1, 2012 to December 31, 2012	(70,532,740)
Investment income from July 1, 2012 to December 31, 2012	56,213
Tax Adjustment from July 1, 2012 to December 31, 2012	1,019,447
Adjustments to assets from July 1, 2012 to December 31, 2012	(55,927)
Adjustments to Liquidation accruals from July 1, 2012 to December 31, 2012	(528,868)
Costs incurred from July 1, 2012 to December 31, 2012	(85,255)
Foreign exchange adjustment from July 1, 2012 to December 31, 2012	49,512
Net decrease to net assets:	(70,077,618)
Net Assets in Liquidation as of December 31, 2012	$ 7,836,918

See accompanying notes to the consolidated financial statements.

NiMin Energy Corp.
Notes to Consolidated Financial Statements
(Expressed in U.S. dollars)

1 Description of the Business

NiMin Energy Corp. (the "Company" or "NiMin") was incorporated under the name NiMin Capital Corp. under the *Business Corporations Act* (Alberta) on May 31, 2007. The Company changed its name to NiMin Energy Corp. on September 3, 2009, and consolidated its shares on the basis of one new post-consolidation share ("Common Shares") for each three existing Common Shares.

The principal business of the Company was conducted through its wholly owned subsidiary, Legacy Energy, Inc. ("Legacy"), a Delaware company that was engaged in the exploration, development, and production of crude oil and natural gas properties in the states of California and Wyoming until the sale of its assets in June 2012.

The annual and special meeting (the "Special Meeting") of holders ("Shareholders") of Common Shares of the Company ("Common Shares") was held on June 26, 2012. At the Special Meeting, in addition to annual items of business, Shareholders were asked to consider and vote on, among other things, special resolutions approving the proposed sale of all or substantially all of the Company's assets (the "Sale of Assets") including those assets held by NiMin's wholly-owned subsidiary, Legacy, pursuant to purchase and sale agreements with respect to its Wyoming based assets and California based assets.

At the Special Meeting, the Shareholders were also asked to consider and vote on the voluntary winding up and dissolution of the Company pursuant to the laws of the *Business Corporations Act* (Alberta) (the "Winding Up") and the distribution to Shareholders of the net proceeds of the Sale of Assets (less the settlement of obligations of Legacy) and cash on hand, as part of such liquidation and dissolution after satisfaction of all liabilities of the Company, by way of a reduction of the stated capital of the Common Shares of the Company.

Both the Sale of Assets and the Winding Up were approved by the Shareholders at the Special Meeting. In order for the Company to complete the Winding Up, the appropriate corporate steps were required to be taken for the dissolution and liquidation of Legacy. Pursuant to the approval of the Sale of Assets, Legacy proceeded with the sale of the Wyoming oil and gas assets and the California oil and gas assets all as more particularly described below.

On June 28, 2012, Legacy completed its previously announced sale of its assets in Wyoming's Big Horn Basin (the "Wyoming Assets") to BreitBurn Operating L.P., a wholly-owned subsidiary of BreitBurn Energy Partners L.P. (NASDAQ: BBEP "BreitBurn"), for total cash consideration of approximately $93 million, being the original purchase price of approximately $98 million less approximately $5 million adjusted to account for preliminary purchase price adjustments. On August 30, 2012, Legacy completed its final settlement with BreitBurn and received approximately $2.3 million based on the final purchase price adjustments.

On June 29, 2012, Legacy completed its previously announced sale of its assets in California's San Joaquin Basin (the "California Assets") to Southern San Joaquin Production, LLC for total cash consideration of approximately $26 million, being the original purchase price of approximately $27 million, less approximately $1 million adjusted to account for preliminary purchase price adjustments. Pursuant to the terms of the purchase and sale agreement, $3 million of the $26 million purchase price paid on closing had been deposited with an escrow agent until December 28, 2012 in connection with various indemnities contained therein. On August 30, 2012, Legacy completed its final settlement with Southern San Joaquin Production LLC and received $347,938 based on the final purchase price adjustments. On December 28, 2012, the $3 million was released to NiMin from the escrow account.

The Winding Up and the dissolution and liquidation of Legacy contemplates the orderly disposition of the assets, the orderly discharge of all outstanding liabilities, including all outstanding debt, and after the establishment of appropriate reserves, the distribution of cash to Shareholders in installments.

On September 24, 2012, the Board declared an initial distribution to Shareholders of $1.01 per Common Share. The distribution was made as a return of capital to Shareholders of record at the close of business on October 9, 2012, and the stated capital of the Company was reduced accordingly. The distribution of $70,532,740 was paid on October 22, 2012.

Upon completion of the disposition of all remaining assets of Legacy and the settlement of all liabilities of the Company and Legacy, the Company intends to distribute the remaining net proceeds of the liquidation and dissolution of both Legacy and the Company to Shareholders into one final distribution on a future date which has not yet been determined.

NiMin's wholly-owned subsidiary, Legacy Energy, Inc., a Delaware company, dissolved in accordance with the laws of Delaware on September 17, 2012.

On October 10, 2012, Nimin voluntarily delisted its Common Shares from the Toronto Stock Exchange ("TSX") after the close of trading on October 22, 2012, the date on which NiMin's initial distribution was "payable" and its listing was transferred to the NEX, a separate board of the TSX Venture Exchange, effective as of opening of the market on October 23, 2012. From October 23, 2012 and onwards, NiMin's Common Shares trade on the NEX under the symbol "NNN.H".

The Company announced that the Common Shares of the Company were subsequently delisted from the OTCQX effective Monday, July 23, 2012.

2 Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S.GAAP") and include the accounts of the Company, its wholly-owned subsidiary and the Company's proportionate interest in Joint Interest Activities. All inter-company balances and transactions have been eliminated upon consolidation.

As a result of the Shareholders' approval of the Winding Up of the Company, the liquidation basis of accounting was adopted effective June 30, 2012. This basis of accounting is considered appropriate when, among other things, liquidation of a company is imminent and the net realizable values of assets are reasonably determinable. Under this basis of accounting, assets are valued at their net realizable values and liabilities are stated at their estimated settlement amounts. Further, all costs of liquidation are accrued as of December 31, 2012. Financial information presented as of and subsequent to June 30, 2012, includes a Consolidated Statement of Net Assets and a Consolidated Statement of Changes in Net Assets in Liquidation, as required under the liquidation basis of accounting. Financial information included for periods ending prior to June 30, 2012, is presented under the going concern basis of accounting. Therefore, financial information presented as of and for the year ended December 31, 2012, is not comparable to financial information presented for prior periods.

Given that the respective property sales transactions closed on June 28, 2012, and June 29, 2012, the associated revenues are included in revenues and expenses for the period ended June 30, 2012. However, the purchase and sale agreements provide adjustments to the purchase price be made related to revenues and operating expenses for the period of April 1, 2012 through the closing date of the sale of the properties. As such, the purchase price of the sale of the properties in June 2012 was adjusted for revenues and operating expenses for the period of April 1 through closing date of the sale of the properties.

These consolidated financial statements of the Company are presented in U.S dollars.

The conversion to liquidation basis of accounting requires management to make significant estimates and judgments in order to record assets at estimated net realizable value and liabilities at estimated settlement amounts.

Under the liquidation basis of accounting, the Company recorded the following adjustments to record its assets at net realizable value.

Adjust assets to net realizable value:	
Write down of fixed assets(i)	$ (82,731)
Write off of other assets	(152,070)
Total as of June 30, 2012	$(234,801)
Adjust assets to net realizable value:	
Write off of other assets	(55,927)
Total as of December 31, 2012	$(290,728)

(i) Assets relating to the CMD technology were written down to the net realizable value within general and administrative expenses.

Accrued Cost of Liquidation

Under the liquidation basis of accounting, the Company has accrued for the estimated costs to be incurred in liquidation, as follows:

Accrued Liquidation Costs	Balances as of June 30, 2012	Adjustments to accrual	Payments	Balances as of December 31, 2012
Lease obligation	$ 62,943	$ —	$ (62,943)	$ —
Professional fees	3,964,723	908,005	(3,391,258)	1,481,470
Payroll related costs	3,009,757	34,222	(3,043,979)	—
Other	500,000	136,564	(183,847)	452,717
Total	$7,537,423	$1,078,791	$(6,682,027)	$1,934,187

The Company will continue to incur operating costs from June 30, 2012, through the liquidation of the Company (the "Liquidation Period"). On a regular basis, we evaluate our assumptions, judgments and estimates that can have a significant impact on our reported net assets in liquidation based on the most recent information available to us, and when necessary make changes accordingly. Actual costs and income may differ from our estimates, which might reduce net assets available in liquidation to be distributed to Shareholders.

The Winding Up and the dissolution and liquidation of Legacy continue to be assessed and the exact amount and timing of further distribution(s) to Shareholders can only be determined upon completion of the orderly disposition of assets and orderly discharge of all liabilities. Once management of the Company have completed those required steps, current estimates will be revised to reflect actual numbers. The numbers reflected in the statement of net assets and the estimated $0.11 net assets in liquidation per outstanding share include management estimates made as of December 31, 2012, and do not necessarily reflect the final dollars that may be available to the Company for distribution to Shareholders. Any distribution amounts can only be calculated upon completion of all the dispositions, discharges and determinations of reserves.

3 Pre-Liquidation Accounting Policies

a. Crude Oil and Natural Gas Properties and Equipment

The Company accounts for its crude oil and natural gas producing activities under the full-cost method of accounting. Accordingly, all costs incurred in the acquisition, exploration, and development of proved crude oil and natural gas properties, including the costs of abandoned properties, dry holes, geological and geophysical costs, and annual lease rentals, were capitalized. All general corporate costs were expensed as incurred. Sales or other dispositions of crude oil and natural gas properties were accounted for as adjustments to capitalized costs with no gain or loss recorded unless such sale would significantly alter the relationship between pool cost and reserves.

b. Depletion and Depreciation

Depletion of crude oil and natural gas properties was computed under the unit-of-production method whereby the ratio of production to proved reserves, after royalties, determined the proportion of depletable costs to be expensed in each period. Costs associated with unevaluated properties were excluded from the full-cost pool until a determination was made whether proved reserves can be attributable to the related properties. Unevaluated properties were evaluated at least annually to determine whether the costs incurred should have been classified to the full-cost pool and thereby subject to amortization. Reserves were determined by an independent reserves engineering firm. Volumes were converted to equivalent units using the ratio of one barrel of oil to six thousand cubic feet of natural gas. A significant reduction in our proved reserves may result in an accelerated depletion rate.

Depreciation of equipment was provided for on a straight-line basis over the useful life (5 to 10 years) of the asset.

c. Impairment of Long-lived Assets

The Company performed a full-cost ceiling test on proved crude oil and natural gas properties in which the capitalized costs were not allowed to exceed their related estimated future net revenues of proved reserves discounted at 10%, net of tax considerations. When calculating reserves, the Company conformed to SEC rules under “Modernization of Oil and Gas Reporting” for pricing and used constant prices which were adopted by the SEC in December of 2008.

Equipment was reviewed for impairment whenever events or changes in circumstances indicate such impairment may have occurred. Impairment was recognized when the estimated undiscounted future net cash flows of an asset were less than its carrying value. A significant reduction in our proved reserves have resulted in a full cost ceiling limitation. If an impairment occurred, the carrying value of the impaired asset was reduced to fair value.

d. Revenue Recognition

Petroleum and natural gas sales were recognized as revenue when the commodities were delivered and title has passed to the purchasers and collection was reasonably assured.

e. Joint Interest Activities

Certain of the Company's exploration, development and production activities were conducted jointly with other entities and accordingly the consolidated financial statements reflect only the Company's proportionate interest in such activities.

f. Asset Retirement Obligations

The Company recognized a liability for the present value of all legal obligations associated with the retirement of tangible, long-lived assets and capitalized an equal amount as a cost of the asset. The cost associated with the abandonment obligation was included in the computation of depreciation, depletion, amortization and accretion. The liability accreted until the Company settles the obligation. The Company uses a credit-adjusted risk-free interest rate in its calculation of asset retirement obligations ("**ARO**").

Revisions to the original estimated liability would have resulted in an increase or decrease to the ARO liability and related capitalized costs. Actual costs incurred upon settlement of the asset retirement obligation were charged against the obligation to the extent of the liability recorded.

Estimates for future abandonment and reclamation costs were based on historical costs to abandon and reclaim similar sites, taking currents costs into consideration. The liability was based on the Company's net interest in the respective sites.

g. Crude Oil Inventory

Unsold crude oil production was carried in inventory at the lower of cost, generally applied on a first-in, first-out ("**FIFO**") basis, or net realizable value, and included costs incurred to bring the inventory to its existing condition.

h. Use of Estimates

In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and affect the reported amounts of revenues and expenses during the reporting period.

The amounts recorded for the depletion and depreciation of property and equipment, the accretion expense associated with the asset retirement obligation and the cost recovery assessments for property and equipment were based on estimates of proved reserves, production and discount rates, oil and natural gas prices, future costs and other relevant assumptions. The amount recorded for the unrealized gain or loss on financial instruments was based on estimates of future commodity prices and volatility. The recognition of amounts in relation to stock-based compensation and the fair value of warrants required estimates related to valuation of stock options and warrants. Future taxes required estimates as to the realization of future tax assets and the timing of reversal of tax assets and liabilities. By their nature, those estimates were subject to measurement uncertainty and the effect on the consolidated financial statements from changes in such estimates in future years could have been significant.

On an ongoing basis, management reviewed estimates, including those related to the impairment of long-lived assets, contingencies and income taxes. Changes in facts and circumstances may have resulted in revised estimates and actual results may have differed from those estimates.

i. Income Taxes

Deferred tax assets and liabilities were recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in enacted tax rates is recognized in income in the period that includes the enactment date. The Company does not have any unrecognized tax benefits. The Company does not believe there will be any material changes in its unrecognized tax positions over the next twelve months. The Company's policy is that it recognizes interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. The Company did not have any accrued interest or penalties associated with any unrecognized tax benefits, nor was any tax-related interest expense recognized during 2012, 2011 or 2010.

j. Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents and therefore classifies them with cash.

k. Commodity Derivative Instruments

Derivative instruments were recognized as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value of derivative instruments depends on their intended use and resulting hedge designation. For derivative instruments designated as hedges, the changes in fair value were recorded in the balance sheet as a component of accumulated other comprehensive income (loss). Changes in the fair value of derivative instruments not designated as hedges were recorded as a gain or loss on derivative contracts in the consolidated statements of operations. The Company did not designate its derivative financial instruments as hedging instruments and, as a result, recognized the change in a derivative's fair value currently in earnings.

l. Fair Value Measurements

The Company categorizes its assets and liabilities that were measured at fair value, based on the priority of the inputs to the valuation techniques. The three levels of the fair value measurement hierarchy were as follows:

Level 1: Unadjusted quoted prices in active markets that were accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices in markets that were not active, or inputs which were observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3: Measured based on prices or valuation models that required inputs that were both significant to the fair value measurement and less observable for objective sources (i.e., supported by little or no market activity).

Financial assets and liabilities were classified based on the lowest level of input that was significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement required judgment, which may have affected the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels. The Company considered active markets as those in which

transactions for the assets or liabilities occur in sufficient frequency and volume to provide pricing information on an ongoing basis. For assets and liabilities carried at fair value the Company measured fair value under the following levels:

Financial Instrument	Level
Cash and cash equivalents	Level 1
Restricted investments	Level 1
Long-term debt	Level 2
Commodity derivative	Level 2
Warrants and options	Level 3

m. Stock-Based Compensation

The Company measures and recognizes compensation expense for all share-based payment awards, including employee stock options, based on estimated fair values. The value of the portion of the award that was ultimately expected to vest was recognized as an expense on a straight-line basis over the requisite vesting period. The Company estimates the fair value of stock option awards on the date of grant using an option-pricing model. The Company uses the Black-Scholes Merton option-pricing model ("**Black-Scholes Model**") as its method of valuation for share-based awards. The Company's determination of fair value of share-based payment awards on the date of grant using the Black-Scholes Model was affected by the Company's stock price, as well as assumptions regarding a number of subjective variables. These variables included, but are not limited to, the Company's expected stock price volatility over the term of the awards, as well as actual and projected exercise and forfeiture activity. The fair value of options granted to consultants, to the extent unvested due to required services not having been fully performed, was determined on subsequent reporting dates.

n. Foreign Currency Transactions

These consolidated financial statements are presented and measured in U.S. dollars, as substantially all of the Company's operations are located in the United States of America. Transactions and balances using Canadian dollars are expressed in U.S. dollars whereby monetary assets and liabilities are expressed at the period end exchange rate, non-monetary assets and liabilities are expressed at historical exchange rates, and revenue and expenses are expressed at the average exchange rate for the period. Foreign exchange gains and losses are included in the consolidated statements of operations.

o. Per Share Amounts

Basic per share amounts were computed using the weighted average number of Common Shares outstanding during the year. Diluted per share amounts reflected the potential dilution that could have occurred if stock options or warrants to purchase Common Shares were exercised for Common Shares. The treasury stock method of calculating diluted per share amounts was used whereby any proceeds from the exercise of stock options or warrants were assumed to be used to purchase Common Shares of the Company at the average market price during the year.

4 Equipment

	December 31, 2011	December 31, 2010
Equipment	$ 688,456	$ 619,892
Accumulated depreciation	(400,538)	(271,394)
Net book value	$ 287,918	$ 348,498

The equipment net book value balance is zero at December 31, 2012 due to liquidation basis of accounting.

5 Crude Oil and Natural Gas Properties

	December 31, 2011	December 31, 2010
Proved properties	$134,113,786	$116,799,184
Less: accumulated depletion of oil and gas properties	(13,850,206)	(10,557,420)
Less: accumulated impairments	(42,185,800)	(42,185,800)
Proved properties, net	$ 78,077,780	$ 64,055,964
Unproved properties, not being depleted	$ 468,042	$ 476,986

As of December 31, 2011, crude oil and natural gas properties includes $468,042 (December 31, 2010 – $476,986) relating to unproved properties which have been excluded from the depletion calculation. At December 31, 2011, future development costs related to the development of proved reserves of $118.54 million (December 31, 2010 – $87.8 million) are included in the depletion calculation. For the year ended December 31, 2011, the Company's depletion rate was $11.25 per barrel of oil equivalent ("**boe**") (2010 – $12.13 per boe).

The proved and unproved properties balances are zero at December 31, 2012 due to the sale of assets.

Divestiture of Louisiana Assets

On December 1, 2011, the Company completed the divestiture of its non-operated and non-core interests in producing crude oil and natural gas properties located in the southern onshore region of Louisiana for a total cash consideration of $1 million.

6 Short-Term Debt

In December 2009, the Company entered into a credit agreement with a private lending company, (the "**PLC**") where the PLC syndicated a loan to the Company in an aggregate amount of USD $5,500,000 and CDN$17,534,550 (USD $ 16,713,738). Concurrent with the borrowing, the Company issued 2,566,666 Common Shares to the PLC at a price of CDN $1.15 (USD $1.07) per share which were recorded as prepaid interest expense and were being amortized to earnings over the term of the loan. Interest on the outstanding principal amount was calculated daily and compounded monthly and payable on a monthly basis at 12% per annum. On June 30, 2010, the Company paid in full the interest and principal amount of USD $22,024,020, outstanding and expensed the remaining prepaid interest.

7 Asset Retirement Obligations

The Company's asset retirement obligations are based on net ownership in wells and facilities and management's estimate of the timing and expected future costs associated with site reclamation, facilities dismantlement and the plugging and abandonment of wells.

The following table provides a reconciliation of the beginning and ending aggregate carrying amount of the obligation associated with the retirement of property and equipment:

	Year ended December 31, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Balance, beginning of year	$ 1,180,661	$1,309,789	$1,220,046
Liabilities incurred		313,684	17,743
Change in estimate	163,850	(422,813)(i)	—
Reduction to liabilities	(1,180,336)	(105,737)	(9,110)
Accretion expense	39,686	85,738	81,110
Balance, end of year	$ 203,861	$1,180,661	$1,309,789

(i) The Company adjusted the remaining life of its California oil and gas properties in calculating its asset retirement obligation from approximately 9 years to 25 years to better reflect estimated useful lives of the properties.

The balance of $203,861 at the end of December 31, 2012 is related to the remaining liability to plug the Louisiana well.

8 Restricted Investments

In November 2012, $853,002 held in bonds for the right to operate in the states of California and Wyoming were released by respective state agencies. Additionally, pursuant to the terms of the purchase and sale agreement for the California Assets, $3 million of the purchase price paid on closing was deposited in escrow and was required to be held by the escrow agent through December 31, 2012 until various indemnities contained in the purchase and sale agreement have been fulfilled. The funds held by the escrow agent were invested in a money market account and were released to the Company on December 28, 2012.

9 Senior Loan

On June 30, 2010, the Company entered into a senior secured loan (the "Senior Loan") in the amount of $36 million from a U.S. based institutional private lender (the "Lender"). The Company borrowed $36 million subject to an original issuer discount of 7.5%, a commitment fee of 1%, a placement fee of 1% and a transaction fee of 3%. Debt issuance costs of $4.9 million were incurred and were being amortized to net income under the effective interest method. The Senior Loan had a 12.5% fixed interest rate and a term of five years. Interest was payable quarterly beginning September 30, 2010.

As part of the Winding Up of the Company, on June 28, 2012, the Company prepaid the entire amount of the Senior Loan and as a result, a prepayment penalty of 2% representing $707,705 was applied in addition to the accrued interest of $1,118,853 and principal of $36,000,000. The remaining unamortized debt issuance cost of $3.23 million as of June 28, 2012, related to the Senior Loan, was written off and is included in the period ended June 30, 2012 interest expense.

10 Share Capital

a. Authorized and Outstanding

Common Shares

NiMin was authorized to issue an unlimited number of Common Shares. As of December 31, 2012, and December 31, 2011, 69,834,396 Common Shares were issued and outstanding.

Preferred Shares

NiMin was also authorized to issue an unlimited number of Preferred Shares issuable in series. As of December 31, 2012, and December 31, 2011, no Preferred Shares have been issued.

b. Issued

In September 2011, the Company completed a brokered private placement (the "**Private Placement**") of 2,758,620 units ("U.S. Units") of the Company at a purchase price of CDN$1.45 per U.S. Unit for gross proceeds of CDN$3,999,999 or USD $4,010,545, net of CDN $267,224 or USD $267,928 of agents fees. Each U.S. Unit consisted of one Common Share and one-half of one Common Share purchase warrant ("**U.S. Warrant**").

In May 2010, NiMin completed a public offering of Common Shares for an offering price of CDN $1.25. The Company issued 9,200,000 Common Shares for aggregate gross proceeds of CDN $11,500,000 or USD $11,018,492, net of CDN $989,260 or USD $947,840 of offering costs.

c. Stock Option Plan

The Company established a stock option plan as approved by the Shareholders whereby options to purchase Common Shares may be granted to the Company's directors, officers, employees and consultants. The exercise prices of stock options are denominated in Canadian dollars. The number of Common Shares issuable under the Company's stock option plan cannot exceed 15% of the issued and outstanding Common Shares of the Company. The exercise price of each option equals the market price of the Company's stock on the date of grant and the option has a maximum life of ten years. The vesting period is determined by the Board of Directors at the time of grant. Options issued by the Company generally vest one-third on the first, second, and third anniversary of the date of grant. Following the approval of the Winding Up of the Company, all outstanding unvested options became automatically vested and the Company recognized the remaining grant date fair value of approximately $1.7 million in the period ended June 30, 2012.

Pursuant to Section 3.5 of the Company's stock option plan, the Company completed the sale of all or substantially all of the Company's assets and, as such, terminated all unexercised options under the plan in July of 2012.

The following table sets forth a reconciliation of the stock option activity for the period ended December 31, 2012, and December 31, 2011:

	Number of shares	Weighted Average Exercise Price (CDN$)
Stock options outstanding at December 31, 2009	7,695,000	1.25
Options exercised	(80,000)	0.94
Options forfeited	(310,000)	1.37
Options issued	50,000	1.25
Stock options outstanding at December 31, 2010	7,355,000	1.25
Options exercised[(i)]	(29,999)	1.25
Options forfeited	(105,000)	1.64
Options issued	2,000,000	1.44
Stock options outstanding at December 31, 2011[(ii)]	9,220,001	1.24
Options exercised		
Options forfeited	(60,000)	1.61
Options repurchased	(600,000)	1.00
Options cancelled	(8,560,001)	1.29
Stock options outstanding at December 31, 2012[(ii)]	—	—

(i) The intrinsic value of the exercised options during 2011 was CDN $33,299.
(ii) The 2.70 million stock options relating to former employees were modified upon transition to a consulting role in 2011 and first quarter of 2012 to allow for continued vesting. The resulting $310,309

and $104,483 was recognized as incremental stock-based compensation expense during the year ended December 31, 2011 and the six months ended June 30, 2012, respectively. As the related options are denominated in Canadian dollars, which is not the functional currency of the Company (which is the U.S. dollar), the vested options were classified as a liability on the balance sheet and recorded at their fair value at the end of each period and the change in fair value is recognized in earnings.

Following the approval of the Winding Up of the Company, the respective option liabilities described above were fair valued to zero with $296,519 recorded as a credit to the change in the fair value of options.

At December 31, 2012, there were no outstanding stock options to purchase Common Shares.

All options had an estimated fair value determined using the Black-Scholes Model using the following weighted average assumptions (no options granted during 2012):

Grant Date	Expected Life	Weighted Average Risk Free Interest Rate	Weighted Average Volatility	Dividend Yield	Fair Value per Option
2012	—	—	—	—	—
2011	3 years	1.38%	87.26%	—	$0.66
2010	5 years	1.74%	86.38%	—	$0.70

Risk-free interest rate was the Government of Canada marketable bond rate for the day of the grant having a term approximating the expected life of the option.

Expected lives of options was based on the simple average of the average vesting period and the life of the award, or the simplified method, because of the limited historical data. All groups of employees have been determined to have similar historical exercise patterns for valuation purposes. Options granted have a maximum term of five to ten years.

Annualized volatility was a measure of the amount by which the share price fluctuated or was expected to fluctuate. The Company used the average daily price volatility of comparable small cap crude oil and natural gas companies for the retrospective periods corresponding to the respective expected life.

Total compensation expense was amortized over the vesting period of the options. For the six months ended June 30, 2012, we recorded compensation expense in the amount of $2.29 million. Compensation expense of $2.61 million has been recognized during the year ended December 31, 2011, and $2.72 million during the year ended December 31, 2010 based on the estimated fair value of the options on the grant date in accordance with the fair value method of accounting for stock-based compensation.

As of December 31, 2012, there was no unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company's option plan.

	Number of Unvested Options	Weighted-Average Grant-Date Fair Value per Option (CDN$)
Balance December 31, 2009	7,582,500	1.28
Vested	(2,596,667)	1.26
Granted	50,000	1.25
Forfeited	(102,500)	1.34
Balance December 31, 2010	4,933,333	1.25
Vested	(2,744,990)	1.22
Granted	2,000,000	0.66
Forfeited	(105,000)	0.95
Balance December 31, 2011	4,083,343	0.99
Vested	(4,023,343)	0.99
Granted	—	—
Forfeited	(60,000)	0.99
Balance December 31, 2012	—	

When stock options were exercised, the Company issues Common Shares from the pool of authorized shares.

d. Warrants

Each warrant was exercisable by the holder thereof to acquire one Common Share at any time before the expiration date, after which time the warrants expire and become null and void.

Each whole warrant issued in connection with the private placement was exercisable for a period of 36 months from September 1, 2011, at an exercise price of $1.60. The warrants were subject to a hold period of four months plus one day from the date of issue.

As a result of the approval of the Winding Up of the Company in June 2012, an aggregate of 2,188,970 unexercised warrants were terminated July 2012.

The following table sets forth a reconciliation of the warrant activity for the periods ended December 31, 2012, and December 31, 2011:

	Number of Warrants	Equity Component Amount	Weighted Average Exercise Price (CDN$)
Warrants outstanding at December 31, 2009	13,641,150	509,960	1.65
Warrants expired	(1,291,809)	(584,942)	2.31
Reclassified from warrant liability		74,982	
Warrants outstanding at December 31, 2010	12,349,341	—	1.58
Warrants exercised	(5,354,800)	—	1.55
Warrants expired	(6,087,951)	—	1.55
Warrants issued[(i)]	1,379,310	844,488	1.65
Warrants outstanding at December 31, 2011	2,285,900	844,488	1.79
Warrants exercised	—	—	—
Warrants expired	—	—	—
Warrants cancelled	(2,188,970)	(844,488)	1.79
Warrants outstanding at December 31, 2012	96,930	—	1.72

(i) The weighted average exercise price of the warrants is $1.60 and is herein expressed in Canadian dollar equivalent using the closing foreign exchange rate at December 31, 2011.

The following table summarizes NiMin's warrants exercisable at December 31, 2012:

Expiration Date	Number of Warrants	Exercise Price per share (CDN$)
March 10, 2016	96,930	1.72
	96,930	1.72

During second, third and fourth quarters of 2012, pursuant to the Winding Up of the Company, the Company valued the warrants based on the expected cash distribution to Shareholders as this represents management's best estimate on the valuation of the underlying equity instruments as of December 31, 2012. As the warrants have an exercise price greater than the expected cash distribution to Shareholders, the value of the warrants were determined to approximate zero. The fair value of warrants outstanding in previous years was calculated using the Black-Scholes Model using the following weighted average assumptions:

	Weighted Average Expected Life	Weighted Average Risk Free Interest Rate	Weighted Average Volatility	Dividend Yield	Fair Value per Warrant
2012	—	—	—	—	—
2011	3.70	0.55%	87.31%	—	$ 0.52
2010	1.75	1.46%	85.90%	—	$ 0.46

At December 31, 2011, the fair value of the warrant liability was $235,134, with a gain of $1.06 million recognized in current period earnings during the year ended December 31, 2011. At December 31, 2010, the fair value of the warrant liability was $5.63 million, with a gain of $1.67 million recognized in earnings during the year ended December 31, 2010.

Risk-free interest rate was the U.S. Treasury rate for the day of the grant having a term approximating the expected life of the warrant.

Expected life of warrants was the period of time over which the warrants were expected to remain outstanding and was based on the contractual terms. Warrants had a maximum term of two to ten years.

Annualized volatility was a measure of the amount by which the share price fluctuated or was expected to fluctuate. The Company used the average daily price volatility of comparable small cap crude oil and natural gas companies for the retrospective periods corresponding to the respective expected life.

e. Per Share Amounts

Basic earnings (loss) per share are computed by dividing net loss available to common Shareholders by the weighted average number of Common Shares outstanding. Diluted earnings (loss) per Common Share are calculated using the treasury stock method to determine the dilutive effect of the stock options. The treasury stock method assumes that the proceeds received from the exercise of "in the money" stock options and warrants are used to repurchase Common Shares at the average market price during the period. The weighted average number of shares assumed to be outstanding was as follows:

	Six months ended June 30, 2012	Year ended December 31, 2011	Year ended December 31, 2010
Net income (loss)	$ 28,858,180	$ (3,229,648)	$(12,386,445)
Basic and diluted shares outstanding[(i)]	69,834,396	67,009,441	58,577,366
Income (loss) per basic and diluted share	$ 0.41	$ (0.05)	$ (0.21)

(i) For the six months ended June 30, 2012, 10.8 million stock options and warrants were excluded from the diluted loss per share calculation. For the year ended December 31, 2011, and 2010, 7,422,558 and 14,771,008 stock options and warrants were excluded from the diluted loss per share calculation, respectively. Potential Common Shares from the exercise of stock options and warrants were excluded from

the diluted loss per share calculation because their effect was anti-dilutive as a result of the options and warrants being out of the money for the six months ended June 30, 2012, and the Company's net loss for the years 2011 and 2010.

11 Income Taxes

The components of the net deferred income tax asset (liability) were as follows:

	December 31, 2011	December 31, 2010
Temporary differences related to:		
Crude oil and natural gas property and equipment	$(16,181,217)	$ (6,448,248)
Asset retirement obligations	130,803	514,747
Stock based compensation	4,137,663	3,162,024
Share issue costs and other	431,629	445,201
Research and development credits	635,130	635,130
Non-capital losses	38,200,692	30,103,250
Valuation allowance	(27,354,700)	(28,412,104)
Deferred income tax asset	$ —	$ —

At December 31, 2012, the deferred income tax asset is $0 due to the liquidation basis of accounting.

The provision for income taxes reflects an effective tax rate that differs from the results that would be obtained by applying the applicable statutory income tax rate in Canada, the Company's country of domicile, which was explained as follows:

	Six months ended June 30, 2012	December 31, 2011	December 31, 2010
Combined Federal and Provincial/State corporate tax rate	28.00%	28.00%	28.00%
Gain/(Loss) before income taxes	$31,336,443	$(3,229,648)	$(11,999,673)
Expected tax	8,774,204	(904,301)	(3,359,908)
Add (deduct) income tax effect of:			
Adjustments to prior year tax calculations	—	2,227,598	(2,094,392)
Change in tax jurisdiction	—	(221,656)	—
Difference in US & Canadian tax rates & Other	2,703,076	(316,281)	(1,115,923)
Permanent Differences	(190,934)	932,728	—
Change in fair value of warrants	—	(660,682)	(657,903)
Change in research and development credits	—	—	252,451
Change in valuation allowance	(8,808,083)	(1,057,406)	7,362,447
Current income tax expense	$ 2,478,263	$ —	$ 386,772

During the third quarter of 2012, there were tax benefits which help reduce the current year tax liability.

In October 2012, the Company paid $1.80 million, for Federal U.S. and California purposes, relating to taxable gains resulting from the sale of its oil and gas properties in the current period. The Federal U.S. taxable income for regular income tax purposes was fully reduced by net operating loss carryforwards of $63,362,738. The Company's deferred tax assets were previously subject to full valuation allowance.

12 Financial Instruments

a. Fair Value

The Company's financial instruments consist of cash and cash equivalents, trade accounts receivable, restricted investments, warrants, short-term debt, and accounts payable and accrued liabilities. For all periods presented, the fair value of the commodity derivative was obtained from the counterparty and therefore was considered level 2. Due to the pending liquidation, the Company valued the warrants based on the expected cash distribution to Shareholders as this represents management's best estimate on the valuation of the underlying equity instruments as of December 31, 2012. As the warrants have an exercise price greater than the expected cash distribution to Shareholders, the value of the warrants were determined to approximate zero.

b. Credit Risk

Credit risk was the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from joint venture partners and from crude oil and natural gas marketers.

The majority of the Company's receivables were within the oil and gas industry, primarily from its industry partners. The receivables were not collateralized. To date, the Company had experienced minimal bad debts, and had no allowance for doubtful accounts. The majority of the Company's cash and cash equivalents were held by two financial institutions, one in the U.S. and the other in Canada. As of December 31, 2011, the accounts receivable balances were primarily all from the sale of oil and gas and post-close adjustments from the sale of its oil and gas properties. All receivables were current and therefore, no provision was determined to be required.

c. Derivatives

Commodity price risk was the risk that the future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for crude oil and natural gas are impacted by world economic events that dictate the levels of supply and demand.

In January of 2010, the Company entered into a derivative financial contract for 7,500 Bbls of WTI crude oil production per month at a fixed rate of $85.10 per barrel until December 2012.

In December 2010, the Company entered into a derivative financial contract for 125 Bbls of oil per day for 2011 and 250 Bbls of oil per day for 2012 at a fixed rate of $90.40 per barrel.

In November 2011, the Company entered into a derivative financial contract for 100 Bbls of oil per day for 2012 at a fixed price of $96.75 per barrel.

We do not designate our derivative financial instruments as hedging instruments for accounting purposes and, as a result, we recognize the current change in a derivative's fair value in earnings. On December 31, 2011, we recognized $976,929 as a derivative liability on crude oil derivative contracts.

During the second quarter of 2012, the Company terminated and settled all derivative contracts as of May 17, 2012, and at December 31, 2012, carried no liability.

For the six months ended June 30, 2012, the Company's change in derivative contracts included a realized gain of $189,507.

13 Related Party Transactions

The Company used the services of Simon, Peragine, Smith and Redfearn LLP to assist in general legal matters related to contracts and lease agreements of its properties. For the period ended December 31, 2012, the Company recorded legal expenditures of $138,836. For the period ended December 31, 2011 and December 31, 2010, the Company recorded legal expenses of $552 and $7,938, respectively. Mr. Redfearn is currently a member of the Company's Board of Directors, and is a partner of the law firm.

Further to its mandate of disposing of all non-cash assets, the Company has agreed to sell its ownership in the beneficial interests of the Liquidating Trust, all CMD patents and rights to existing overriding royalties on non producing properties to Pacific Oil and Gas LLC for aggregate consideration of $1,000. Pacific Oil and Gas LLC is a private company, owned by Clancy Cottman and Bill Gumma, both board members of the Company.

14 Supplemental Crude Oil and Natural Gas Reserves and Standard Measure Information

The Company sold all of its crude oil and natural gas assets as of June 30, 2012. Therefore, the Company does not have any applicable crude oil and natural gas reserves.

15 Quarterly Financial Information (Unaudited)

The Company's quarterly financial information for fiscal 2012 and 2011 is as follows:

Year Ended December 31, 2012	Third Quarter	Fourth Quarter
Beginning Net Assets in Liquidation	$77,914,536	$ 78,743,570
Increase (decrease) to nets assets:		
Cash distribution	—	(70,532,740)
Investment income	51,292	4,921
Tax adjustment	1,019,447	—
Adjustments to assets	(21,729)	(34,198)
Adjustments to Liquidation accruals	(134,721)	(394,147)
Costs incurred	(85,255)	—
Foreign exchange	—	49,512
Net increase (decrease) to net assets:	829,034	(70,906,652)
Ending Net Assets in Liquidation	$78,743,570	$ 7,836,918

NiMin Energy Corp.
Notes to Consolidated Financial Statements
(Expressed in U.S. dollars)

Year Ended December 31, 2012	First Quarter	Second Quarter
Operating revenue	$ 6,148,627	$ 4,836,963
Operating income (loss)	327,441	(8,688,007)
Other income (expense)	(1,867,893)	41,564,902
Net income (loss)	(1,540,452)	30,398,632
Basic net income (loss) per share	(0.02)	0.44
Diluted net income (loss) per share	$ (0.02)	$ 0.44

Year Ended December 31, 2011	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Operating revenue	$ 5,232,273	$5,704,103	$6,465,744	$ 6,903,565
Operating income (loss)(i)	(2,724,654)	1,943,132	2,444,002	(1,077,561)
Other income (expense)	(5,752,559)	1,887,692	1,198,010	(1,147,710)
Net income (loss)	(8,477,213)	3,830,824	3,642,012	(2,225,271)
Basic net income (loss) per share(ii)	(0.13)	0.06	0.05	(0.03)
Diluted net income (loss) per share(ii)	$ (0.13)	$ 0.01	$ 0.05	$ (0.03)

(i) During the fourth quarter of 2011, the Company divested its oil and gas properties located in the state of Louisiana. The operating income from divested properties during the fourth quarter of 2011 was $352,099.

(ii) The sum of the individual quarterly net income per common share amounts may not agree with year-to-date net income per common share as each quarterly computation is based on the weighted-average number of common shares outstanding during that period.