

NIOGOLD MINING CORPORATION

Equity Research | Metals & Mining

Please see important disclosures at the end of this document

Ticker	Recommendation	12-month Target
TSXV:NOX \$0.375	SPEC. BUY (unchanged)	\$0.85 (unchanged)

Adopts Shareholder Rights Plan

July 5, 2011

Market Data	
52-week High-Low	\$0.55-\$0.19
Shares Outstanding	
– Basic	96.9 million
– Fully Diluted	113.1 million
Market Capitalization	\$36.3 million
Enterprise Value	\$22.0 million
Cash & ST Investments	\$7.1 million
Marketable Securities	\$7.2 million
90-Day Avg. Daily Volume	310,000
Fiscal Year End	August 31
Major shareholders:	Management: 1.2%
	Pinetree Capital Ltd.: 8.3%

Event

NioGold Mining has adopted a shareholder rights plan.

Highlights

The rights plan aims to ensure that all shareholders of the Company are treated equally and fairly in connection with any takeover bid for the Company. The plan seeks to discourage discriminatory, coercive or unfair takeovers of the Company and would give NioGold's board of directors time to pursue alternatives to maximize shareholder value in the event of an unsolicited takeover bid.

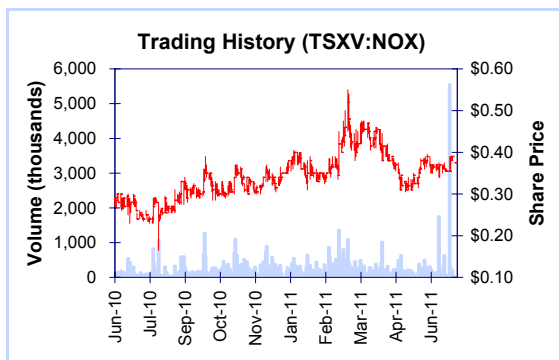
NioGold's board authorized the issuance of one right in respect of each common share outstanding at the close of business on July 4, 2011. In addition, the board authorized the issuance of one right in respect of each additional common share issued after the record time. The rights trade with and are represented by common share certificates, including certificates issued prior to the record time. Until such time as the rights separate from the common shares and become exercisable, rights certificates will not be distributed to shareholders.

If a person, or a group acting in concert, acquires beneficial ownership of 20% or more of the common shares, the rights (other than those held by such acquiring person, which will become void) will separate from the common shares and permit the holder thereof to purchase common shares at a 50% discount to their market price.

Comments

NioGold shares appear undervalued relative to other gold exploration companies in Quebec and Ontario. Based on an EV/resource comparison, NioGold is valued at \$46/ounce for measured and indicated plus inferred gold resources versus the adjusted average of \$73/ounce for comparables. Shares also trade at a considerable (56%) discount to our NAV calculation and 12-month price target of \$0.85/share.

Likely potential acquirers for NioGold would include larger companies operating in the Val-d'Or camp, including JV partner Aurizon Mines Ltd. (TSX:ARZ), Agnico-Eagle Mines Ltd. (TSX:AEM) and Osisko Mining Corp. (TSX:OSK).



Source: Bloomberg

Company Description

NioGold Mining Corporation is a gold exploration company with land holdings in northern Quebec's most prominent gold mining region, the Malartic, Cadillac and Val-d'Or gold camps. Its principal properties include the Marban Block, Malartic Hygrade, Malartic H, Camflo West, and Siscoe East located in the Abitibi Greenstone belt. The Company controls a 20 km segment of this prospective fault zone with gold resources defined over a 3 km segment in and around three former mines – Marban, Norlartic and Kierens, which collectively produced 600,000 ounces of gold.

Key Project

Marban Block – JV with Aurizon Mines Ltd.		
Indicated	598,000 oz Au	8.1Mt @ 2.3 g/t
Inferred	361,000 oz Au	5.8Mt @ 1.9 g/t
Historic*	145,050 oz Au	0.8Mt @ 5.8 g/t
*non NI 43-101 compliant		

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Comparables

Company	Symbol	Primary Property	Primary Location	Price (CDNS)	Shares (MM)	Mkt Cap (\$M basic)	EV (\$M)	Attributable Resources				EV/Au (\$/oz)	cut-off grades (g/t)
								M+I Au (Moz)	M+I (%)	Inferred Au (Moz)	Au (g/t)		
Adventure Gold Inc.	TSXV: AGE	Lapaska	Quebec	\$0.52	51.2	\$27	\$23	-	0%	0.08	1.2	\$285	0.5
Alexandria Minerals Corp.	TSXV: AZX	Orenada	Quebec	\$0.17	119.8	\$20	\$14	0.34	48%	0.37	1.9	\$20	1.0 & 2.0
Clifton Star Resources Inc.	TSXV: CFO	Beattie & Donchester	Quebec	\$2.54	34.7	\$88	\$73	1.14	29%	2.76	1.8	\$19	0.67
Goldstone Resource Inc.*	TSX:GRC	Hardrock	Ontario	\$0.87	104.6	\$91	\$83	1.20	65%	0.63	6.1	\$45	0.83 o/p & 2.8-3.4 u/g
Harte Gold Corp.	TSX: HRT	Sugar Zone	Ontario	\$0.37	142.4	\$52	\$48	0.15	76%	0.05	8.1	\$246	3.0
Integra Gold Corp.	TSXV: ICG	Lamaque	Quebec	\$0.58	37.4	\$22	\$19	-	0%	0.25	5.8	\$76	0.3
Lexam VG Gold Inc.	TSX: LEX	Timmins Properties	Ontario	\$0.62	224.8	\$139	\$125	0.66	49%	0.70	3.7	\$92	0.5 to 3.0
Moneta Porcupine Mines Inc.	TSX: ME	Windjammer South	Ontario	\$0.25	157.3	\$39	\$32	0.31	59%	0.21	1.2	\$62	0.7 o/p & 3.0 u/g
Northern Gold Mining Inc.	TSXV: NGM	Garrcon & Jonpol	Ontario	\$0.43	118.8	\$51	\$46	0.21	21%	0.78	1.2	\$47	0.5 o/p & 4.07 u/g
PC Gold Inc.	TSX: PKL	Pickle Crow	Ontario	\$0.71	66.5	\$47	\$36	-	0%	1.26	3.9	\$29	0.35 o/p & 2.25 u/g
Trelawney Mining & Expl' Inc.	TSXV: TRR	Cote Lake	Ontario	\$4.31	141.5	\$610	\$570	-	0%	4.21	1.0	\$135	0.3 o/p
Typhoon Exploration Inc.	TSXV: TYP	Fayolle	Quebec	\$0.80	19.0	\$15	\$15	0.04	24%	0.11	1.7	\$100	0.5
											Average	\$96	
											Adj. Average (excl. outliers)	\$73	
Niogold Mining Corp.**	TSXV: NOX	Marban	Quebec	\$0.37	96.9	\$36	\$22	0.30	62%	0.18	2.1	\$46	0.5 o/p & 2.50 u/g

*Takeover pending by Premier Gold

**Assumes Aurizon Mines has earned 50% interest

Source: Company Reports, Capital IQ, NSI

Investment Conclusion

Our \$0.85 target price and SPECULATIVE BUY recommendation remain unchanged.