

NIOGOLD MINING CORPORATION

Equity Research | Metals & Mining

Ticker

Recommendation

12-month Target

Please see important disclosures at the end of this document

TSXV:NOX
\$0.34

SPEC. BUY
(unchanged)

\$0.85
(unchanged)

NioGold Acquires GéoMégA Shares, Reports Drill Results From Marban

May 25, 2011

Market Data

52-week High-Low	\$0.55-\$0.18
Shares Outstanding	
– Basic	96.2 million
– Fully Diluted	115.1 million
Market Capitalization	\$32.7 million
Enterprise Value	\$18.4 million
Cash & ST Investments	\$7.1 million
Marketable Securities	\$7.2 million
90-Day Avg. Daily Volume	270,000
Fiscal Year End	August 31
Major shareholders:	Management: 1.2%
	Pinetree Capital Ltd.: 11.7%

Event

NioGold acquires GéoMégA shares and reports drill results from the Marban Block property.

Highlights

Acquisition of GéoMégA shares

NioGold Mining has acquired 1,525,000 common shares of GéoMégA Resources Inc. (TSXV:GMA) as payment for the amended option agreement on the Montveil property.

Niogold previously owned 607,900 common shares of GéoMégA, or approximately 3.38% of the 17,985,976 then issued shares of GéoMégA. After the acquisition, Niogold owns 2,132,900 common shares or approximately 10.93% of the 19,510,976 issued and outstanding common shares. GéoMégA shares last traded at \$3.00 valuing NioGold's stake at \$6.4 million.

The acquisition was funded by an issuance of securities from GéoMégA's treasury and was effected pursuant to the terms of an amending agreement in respect of the parties' Montviel and Pump Lake option agreement. Under the amendment, GéoMégA immediately acquired a 100% interest in the Montviel property while retaining a separate option to acquire the Pump Lake property, in consideration of the issuance to Niogold of the acquisition shares, amended terms for the 2% net output return royalty in favour of Niogold and a \$4.5-million contingent advanced royalty payment.

Drill Results

Assay results were received for 26 drill holes completed on the Norlartic and Marban gold deposits.

Norlartic

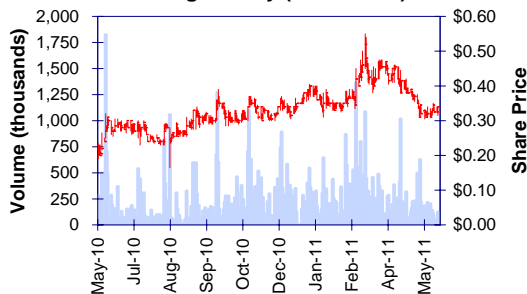
Results were received for 8 holes.

Significant Norlartic intersections include:

- 7.38 g/t over 9.3 metres (NL-11-052)
- 5.61 g/t over 6.7 metres (NL-11-054)
- 1.17 g/t over 68.2 metres (NL-11-057)
- 10.81 g/t over 3.0 metres (NL-11-059)
- 3.06 g/t over 10.9 metres (NL-11-060)

The initial phase of drilling at Norlartic was aimed at better defining the entire width of the Norbenite shear gold mineralized envelope within the top 200 metres from surface.

Trading History (TSXV:NOX)



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 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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Marban

Results received for 18 holes.

Significant Marban intersections include:

- 5.11 g/t over 5.1 metres (MB-11-167)
- 30,100.00 g/t over 0.5 metres (gold vein in MB-11-170)
- 1.80 g/t over 56.3 metres (MB-11-173)
- 9.12 g/t over 4.5 metres (MB-11-174)
- 17.15 g/t over 1.0 metre (MB-11-175)

Drilling to date has covered a 1,050-metre strike extent of the Marban gold mineralized system and was mainly directed at: 1) completing a 50-metre drill hole spacing array within the top 300 metres from surface; and 2) verifying the extension of the gold mineralized shear zones to surface.

The drilling program at Marban has now shifted to deeper drilling to test the down dip extension of the mineralized zones, mainly from 300 to 500 metres vertical depth, as well as select in-fill drilling at 25-metre spacing.

The initial program under the terms of the Aurizon option agreement commenced on August 30 and includes 50,000 metres of diamond drilling. Three drill rigs are currently in operation on the project. To date a total of 35,340 metres were drilled in 137 holes. Results are pending for 45 completed drill holes.

Investment Conclusion

Drilling results were positive and could provide a lift for the NioGold shares. We also see amended option agreement with GéoMégA as a positive it allows the company to monetize its rare earth assets.

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