

NIOGOLD MINING CORPORATION

Equity Research | Mining

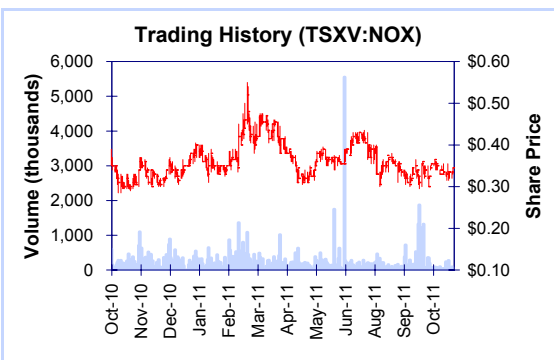
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Ticker	Recommendation	12-month Target
TSXV:NOX \$0.335	SPEC. BUY (unchanged)	\$0.85 (unchanged)

Phase 2 Program On The Marban Block

November 1, 2011

Market Data	
52-week High-Low	\$0.55-\$0.19
Shares Outstanding	
– Basic	97.1 million
– Fully Diluted	117.7 million
Market Capitalization	\$32.5 million
Enterprise Value	\$22.4 million
Cash & ST Investments	\$7.0 million
Marketable Securities	\$3.1 million
90-Day Avg. Daily Volume	220,000
Fiscal Year End	August 31
Major shareholders:	Management: 1.2%
	Pinetree Capital Ltd.: 8.3%



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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Event

This morning Aurizon and NioGold announced they were starting phase 2 at Marban, a \$5 million program involving drilling a resource update and technical studies.

Highlights

The first phase of the program consisted of 50,253 metres of diamond drilling at a total cost of C\$6 million. This second phase program will include 34,000 metres of diamond drilling on the Marban deposit, updated resource estimates and basic technical studies. Drilling and technical work is expected to commence in November 2011 and will continue through to the second quarter of 2012.

Drilling at Marban has two objectives: define near surface resources and delineate resources below 250 metres.

Comments

As discussed in earlier notes, if drill density is increased at Marban, Aurizon may be able to define a sufficient amount of near surface resources in order to decrease the strip ratio in a pit shell so the deposit would be amenable to open pit mining. (Using a 0.5 g/t cut-off, the Marban Block, which includes Norlartic, Kierens and Marban deposits, has 2.3 million ounces in a resource block model but mineralization thins out near surface so may not be economically minable).

The other vision for Marban is to have it as an underground mine. Recent drilling has intersected high grade mineralization at depth (i.e. press release 2011-09-13, Hole MB-11-198 grading 906.2 g/t Au over 2.9 metres from 241.6 to 244.5 metres).

The news is very positive for NioGold but not unexpected since we realize the project's importance to Aurizon. We are encouraged by comments from George Paspalas, Aurizon's President and CEO, who reinforces that view in today's release stating "Our vision is growth, therefore, having properties at various stages of development, such as Marban, compliments our flagship Casa Berardi Mine and Joanna project, and provides a strong development pipeline."

The Marban Block is most advanced development project for Aurizon after Joanna but, in our opinion, could jump ahead on additional positive results.

Conclusion

We reiterate our \$0.85 target price and SPECULATIVE BUY recommendation.