

Interview

NioGold Mining Corp. June 2011

Global Business Reports: Could you give us some background information about NioGold?

Rock Lefrançois: Prior to the mid-1990s major companies like Barrick, Falconbridge, Placer Dome and others held the land position in the southern Abitibi, which is the largest gold producing area in Canada. These companies left for South America and Africa and started selling off some assets. A company called McWatters Mining bought out Placer Dome's two mine complexes, Sigma-Lamaque and Kierna; however the price of gold back then was depressed and McWatters went bankrupt. This bankruptcy brought junior companies to the game, like Osisko, Alexandria, Wesdome and NioGold through Mike Iverson. This was in 2004-05.

We began with three good properties bought for \$15,000, and just after that I joined the company. We started building our land position, with a strategy of acquiring ground on mineralized gold structures that were under-explored; we also managed to acquire the Marban Block that had past production of 600,000 ounces and historic resources. In 2006 and 2007 we did some financing based on that property and started drilling around the old deposits. By early 2010, we had acquired 125 square kilometers in the Malartic and Val-d'Or areas and had a resource of 960,000 ounces based on about 35,000 meters of drilling. At that point, we had major and medium-sized companies knocking on our door and by mid-2010 Aurizon negotiated an option on the Marban Block, which represents only 14% of our land package.

GBR: What are the details of the joint venture?

R.L.: Aurizon can acquire 50% of the property by spending \$20 million over three years. After that we go to an updated resource estimate where they will pay us for 50% of the ounces in the ground based on that estimate, which should be a \$20-40 million dollar payment to NioGold. Going forward it will be a 50-50 partnership, and if they bring a feasibility study to the table they get a further 10%. So moving into production, we would have a 60-40 joint venture with Aurizon.

We now have three drill rigs in the



Michael A. Iverson,
Chairman & CEO



Rock Lefrançois,
President & COO

Marban Block: we are spending \$5 million in the first year of Aurizon's earnings, with 50,000 meters of drilling. We are 80%-completed in this program right now. Past production came from three shafts for a total of 600,000 ounces. With Aurizon we are fully evaluating the bulk tonnage potential near surface, initially from 0 to 300 meters depth, and right now we are moving deeper and towards the east.

GBR: What is the value of the projects farmed out to Géomega?

R.L.: Géomega has optioned off two properties from us: Pump Lake and Montviel. These are two projects with rare earth-niobium-phosphor potential. Montviel is the most advanced, one where they made a discovery this year. We retain a 2% royalty on production and we also hold 10% of Geomega's shares.

GBR: How is NioGold stock behaving?

R. L.: We believe we are really undervalued. Our analysts think we should be trading at 85 cents and not at 35-48 cents as we are. The market has not evaluated us on the ounces we have in the ground, or on the value of our agreement with Aurizon. It has put no value whatsoever on our land package with great exploration potential.

Michael Iverson: We are in that stage between being a junior and a producer where it is difficult to attract attention. The company is fully funded, and we have enough cash to continue drilling for the next three years. We have some great investors in the company, like the ex-President and CEO of Goldcorp, Robert McEwen, Northern Securities and Pinetree Capital. But the stock remains undervalued based on ounces of gold in

the ground and our terrific land package. Our immediate goal is to increase the audience for our stock and NioGold is in the process of listing on the OTCQX in the U.S. This will allow us to introduce US brokers and institutional shareholders to the company.

NioGold has five drills turning, three on our joint venture with Aurizon and two exploration drills on our 100%-owned ground. All that drilling is generating approximately 500 meters of core per day; this means we are adding ounces to our Marban deposit and also have potential for new discoveries. We expect to have completed 20,000 meters drilled on our own properties and 70,000 in the joint venture this year, for a total of 90,000 meters by year's end. This will be NioGold's biggest year for drilling, to date.

GBR: What are the advantages of Québec for exploration?

R.L.: Québec is a very fertile ground; we have one of the largest archaean greenstone belts in the world. Also, the government is very pro-mining and provides very good incentives. In the Val-d'Or area we get 35 cents back on every dollar we spent, and that is in cash. The infrastructure base is great around Val-d'Or. Water, power and roads go through our property. The drilling rates are probably the lowest in the world, at about \$65 per meter. It is just cheap exploration, if you consider the tax credits. Finally, this is a stable jurisdiction. The only downside is that they are revising the mining law. The Québec government wants a bit more revenue from mining and is tightening the screws on the environmental side, because the public is asking for it.

M.I.: There is nothing wrong with tougher environmental rules, because if you follow them you will have a safe operation later.

GBR: How is the immediate future looking for NioGold?

M.I.: In three years time we hope to be in production with Aurizon, and we continue to systematically drill our properties in order to have a discovery. This will take probably a couple of years but we will be in a completely different position.