

NIOGOLD MINING CORPORATION

Equity Research | Metals & Mining

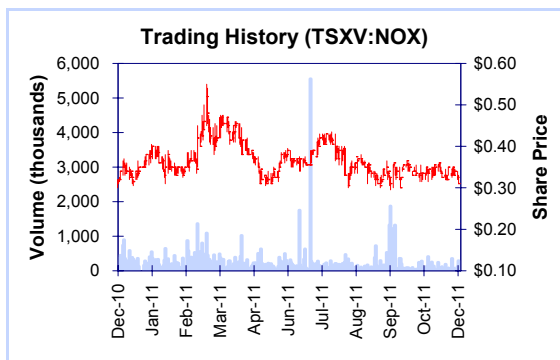
Please see important disclosures at the end of this document

Ticker	Recommendation	12-month Target
TSXV:NOX \$0.31	SPEC. BUY (unchanged)	\$0.85 (unchanged)

Drilling Success, Low Valuation & Aurizon JV Make NioGold Attractive

December 8, 2011

Market Data	
52-week High-Low	\$0.55-\$0.30
Shares Outstanding	
– Basic	97.2 million
– Fully Diluted	117.7 million
Market Capitalization	\$30.1 million
Enterprise Value	\$20.3 million
Cash & ST Investments	\$7.0 million
Marketable Securities	\$2.8 million
90-Day Avg. Daily Volume	210,000
Fiscal Year End	August 31
Major shareholders:	Management: 1.4%
	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		

Matthew Zylstra
(416) 644-8109
mzylstra@northernsec.com

Summary

NioGold owns the Marban project with a resource of 960,000 ounces of gold, which we are anticipating could grow to 1.4 to 1.5 million ounces in a new NI 43-101 compliant resource estimate.

Aurizon Mines (TSX:ARZ) optioned Marban and can earn 50% by spending \$20 million on exploration over three years, completing an updated NI 43-101 resource estimate and making a payment based on the total measured and indicated plus inferred gold resources.

Investment Thesis

NioGold Mining is a junior gold exploration company that has been building shareholder value by consolidating a prospective land package in Val-d'Or, Quebec, increasing gold resources and developing partnerships. We believe the value of the Company's Marban Block and the Aurizon joint venture agreement are worth more than NioGold's enterprise value. We expect the Company to be re-rated as it increases resources above the one million ounce mark in the upcoming resource calculation.

A two million ounce resource equates to an option payment of roughly \$25 million to \$35 million.

The Marban resource is based on historic drilling plus 46,000 metres completed by NioGold to 2009. Roughly 56,000 metres has been completed since. The updated resource expected Q4-2011 will include the all drilling and contain an estimate for open pit.

The upside is if the Marban resource proves amenable to mining by open pit in which case, at a 0.5 g/t cut-off, the Marban Block has 2.3 million ounces in a resource block model and could become more attractive than Aurizon's own Joanna project, also shows underground potential (i.e. hole MB-11-198 grading 906.2 g/t Au over 2.9 metres). Phase 2 at Marban commenced November 2011.

Recommendation

Based on resources, NioGold trades at a 45% discount to peers operating along the Abitibi-Greenstone belt and over 60% lower than our calculated NAV, yet NioGold's core properties are becoming more strategically important and warrant a premium valuation. In addition, NioGold is capitalized and could take advantage of market weakness to add properties in Quebec. We believe NioGold's shares, which have dropped from above \$0.40 this summer and back to the low end of the 1-year trading range, are considerably undervalued and the dip represents a buying opportunity. We reiterate our \$0.85 target price and SPECULATIVE BUY recommendation.