



Midas Letter

Gold, Silver, Energy, Commodities, Economics

Midas Research: NioGold Mining Corp. (TSX.V:NOX)

October 26, 2010



Shares Out: 73.1 million
Options: 3.92 million
Warrants: 4.6 million
Fully Diluted: 81.6million
Cash on Hand: \$2.5 million
Insiders Own: 15%
Sector: Gold Exploration and Mining

NioGold's \$20 Million Joint Venture with Aurizon is a Game Changer

Primary Value Drivers:

- 50,000 meter drill program now underway on NioGold's 100% owned Marban project by Aurizon Mines, who is earning a 50% interest in exchange for a CA\$20 million investment in drilling plus a cash payment for ½ the gold resources estimated at CA\$20+ million ;
- Advanced exploration targets on past producing projects in historically prolific Malartic-Val d'Or Mining Camps;
- Quebec is the world's number 1 mining jurisdiction as rated by the Fraser Institute of Canada;
- Fully funded CA\$20 million deposit deliniation and exploration campaign without share dilution;
- Partnership with Aurizon will fast-track identification of additional resources and potentially reserves for a future mine.



Aggressive exploration of remaining 90% of property package and continuing land acquisition provide significant upside potential through new discovery.



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Introduction:

NioGold mining has been in existence since the nineties, though throughout its long history, significant success has remained elusive. That all started to change when Mike Iverson and Rock Lefrancois took the reins in the mid-2000s, and the company optioned its first property in the Malartic mining camp.

Since then, the company has drilled over 72,000 meters and proven up 960,000 ounces of gold in a multi-category resource calculation that is compliant with National Instrument 43-101.

All this progress has attracted the attention of Aurizon Mines Ltd., a mid-tier well capitalized precious metals-focused mining company who has pinned its growth strategy on growing production through funding joint venture partners.

Aurizon Joint Venture

According to Aurizon CEO David Hall,

“Our technical and production base is in Quebec. We’re in a strong financial position with over a \$100 million in cash plus \$60 – 70 million a year in free cash flow potential. We think we can leverage our technical capacity and financial capacity to grow our production base by building an exploration pipeline of properties that we can earn a controlling position in. We’ve done three such joint ventures so far this year, and in the case of Niogold, we’re attracted to the fact that this is a group of past producing properties, we’re attracted to the resources already proved up, we think its in a great location, and we’re also impressed with the technical ability of Rock Lefrancois, who we’ve known for some time.”

As reported on July 6, Aurizon can earn a 50% interest in the Marban Block property, subject to underlying royalties, by:

- incurring expenditures of CA\$20 million over three years, of which a minimum of \$5.0 million is a firm commitment to be spent in the first year;
- completing an updated NI 43-101 compliant mineral resource estimate;
- making a resource payment equal to the sum of C\$30 (or C\$40 if the price of gold is then above US\$1,560) multiplied by 50% of the number of total gold ounces in the Measured and Indicated resource categories plus C\$20 (or C\$30 if the price of gold is then above US\$1,560) multiplied by 50% of the number of total gold ounces in the Inferred resource category.

Aurizon can earn an additional 10% interest, for an aggregate of 60%, by delivering a feasibility study, and an additional 5%, for an aggregate 65%, by arranging project financing for capital expenditures estimated by the feasibility study to place the project into commercial production. NioGold will be operator during the initial earn-in period and Aurizon will provide input on exploration programs and will become operator after their initial 50% interest has been earned.



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The first year drilling program will be mainly directed at better defining and increasing the near surface gold resources at the Marban and Norlartic deposits:

Marban Deposit:

- 30,000m of shallow drilling, from surface to 300 meters in vertical depth, to complete drill hole pattern at 50m spacing and select in-fill drilling at 25m spacing;
- 5,000m to 10,000m of drilling along depth extent of the Marban Mine Zones and Mine Sequence, principally between 300m to 500m vertical depth.
- Norlartic Deposit: 5,000m to 10,000m of select shallow drilling, from surface to 200m vertical depth, to complete drill hole pattern at 50m spacing.
- Exploration: 5,000m of drilling to investigate the lateral extent of deposits and high grade quartz-gold vein systems along the Gold Hawk Horizon.

43-101 and Non-43-101 Resources

On January 28 of this year NioGold reported that “gold resources at the company’s Malartic Project in northwestern Quebec have increased significantly as a result of new drilling and detailed modeling by Mine Development Associates (“MDA”) of Reno, Nevada. Indicated resources for the Malartic Project now total 598,000 ounces (730% increase), while Inferred resources have increased to 361,000 ounces (34% increase).

The gold resources are defined along a three-kilometre segment of the Norbenite-Marbanite fault zone, in and around the former Marban, Norlartic and Kierens gold mines, which collectively produced 600,000 ounces. The Malartic project is located in the western portion of the province of Québec, Canada, midway between the towns of Val-d’Or and Malartic, in the southern portion of the Abitibi greenstone belt.

The property is the result of NioGold’s consolidation of four contiguous properties in the Malartic mining camp – Norlartic, First Canadian, Marban, and Gold Hawk – and currently consists of 42 mining claims and three mining concessions that cover 976.33 hectares.

MDA estimated the gold resources in accordance with National Instrument 43-101 (“NI 43-101”) Standards of Disclosure for Mineral Projects using two unique gold grade cut-offs:

- 1) A 0.5 g/t Au cut-off grade was applied to tabulate diluted Norlartic and Kierens resources located in the upper 200 metres from surface, which can reasonably be considered available for potential open-pit extraction, and a
- 2) 2.5 g/t Au cut-off was applied to tabulate the deeper undiluted Norlartic and Kierens resources lying below 200 metres vertical depth from surface, as well as all of the Marban resources, that would reasonably require underground extractive methods.



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The gold resources, subdivided into the Norlartic-Kierens and Marban deposits, are tabulated below (resources at reportable cut-offs are highlighted in bold print; additional cut-offs are also provided in order to provide grade-distribution information, as well as to account for economic conditions other than those envisioned by the cut-offs used for reporting purposes):
Norlartic-Kierens Resources

Historic Resources

In addition to the resources tabulated above, historical resources of 170,000 ounces of gold are defined in close proximity to the Norlartic and Kierens deposits; this mineralisation has not been fully evaluated by NioGold at this time. In 1989, Aur Resources estimated the following historical resources:

- 136,080 tonnes @ 6.86 g/t Au (30,000 ounces gold) at the North Zone;
- 254,016 tonnes @ 8.57 g/t Au (70,000 ounces gold) in Gold Hawk Veins #1 and #2; and
- 754,386 tonnes @ 2.85 g/t Au (70,000 ounces gold) at the North-North Zone.

These estimates are historical in nature, may not be compliant with NI 43-101, and should not be relied upon.

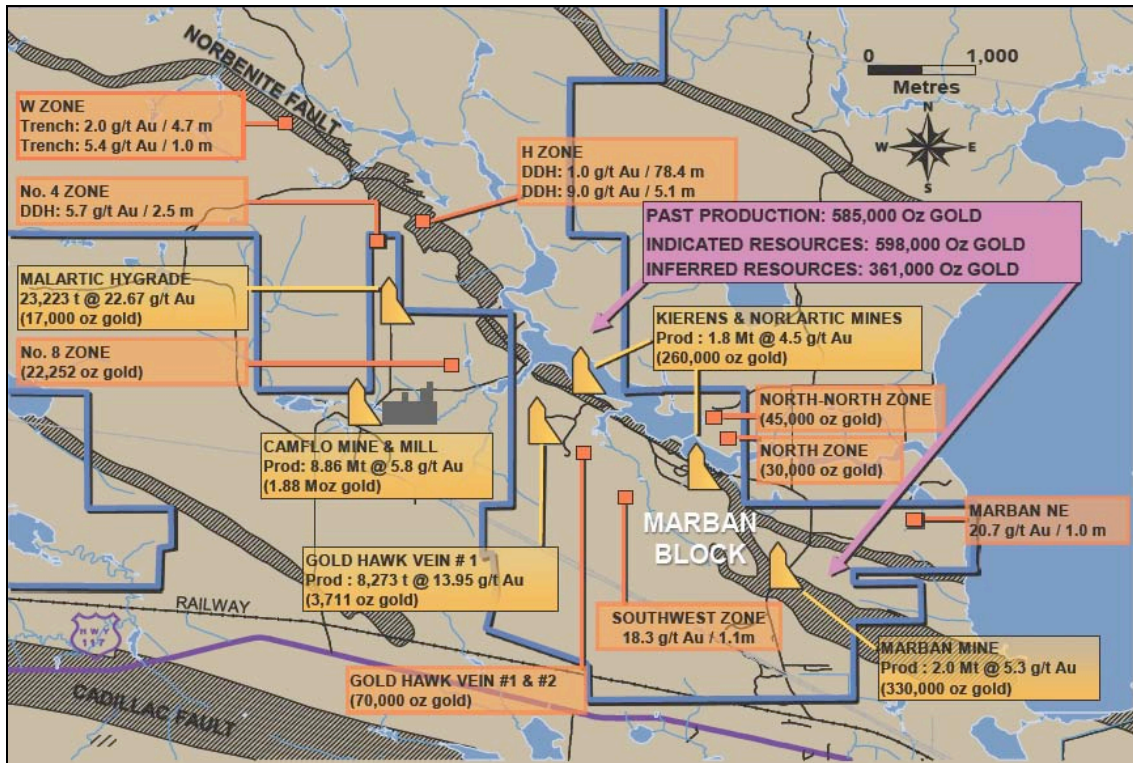
“Our work has proven that the southwest portion of the Malartic land holdings covers a much larger gold mineralised system than previously known, where over 1.5 million ounces has been mined or defined to date,” said Rock Lefrancois, NioGold’s President & COO. “A good portion of the Norlartic-Kierens resources are near surface mineralisation potentially amenable to open pit mining. As well, the Marban gold system, traced over 1.4 kilometres, holds substantial lower-grade mineralisation within the upper 250 metres from surface that deserves further evaluation at higher gold prices.” Lefrancois noted that the deposits remain open to expansion, notably at depth, as large gold deposits in the district are known to extend to depth in excess of 1,000 metres.

“We are very confident that we can increase the ounces with in-fill and step-out drilling,” added Lefrancois. “We intend to fully explore the twenty-kilometre length of the Norbenite-Marbanite fault zone that we control.”



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NioGold completed sectional geologic and mineralised zone interpretations on cross sections spaced at 12.5-metre intervals across the 1.4-kilometre extent of the Marban gold mineralised system included in the resource estimation. MDA used the NioGold sections as the geological foundation for interpreting gold mineral domains using data from 1,489 surface and underground drill holes on a total of 221 vertical sections spaced at six-metre intervals across the deposit. This detailed modeling has helped to elucidate and define the structural setting of the Marban deposit.

Gold mineralisation at Marban occurs within a number of mineralised shear zones within the mafic volcanic 'Mine Sequence', which has been deformed into relatively tight folds that are characterised by sub-horizontal fold axes. These folds most commonly occur between depths of -100 to -250 metres below the surface. The mineralised shears are folded along with the host mafic volcanic units, but gold mineralisation extends for significant distances outward from the folds.

The mineral resources at the Norlartic and Kierens deposits, first reported on June 28, 2007, were updated by incorporating data from additional historic holes that NioGold recovered from its archives and several NioGold drill holes that were not included in the 2007 estimate. A total of 417 surface and underground holes at Kierens and 1,287 holes at Norlartic were used in the mineral resource estimations. In addition, the new Norlartic modeling includes a significant



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extension along strike of the Norbenite Shear to the northwest, towards the Kierens deposit. This new portion of the Norlartic deposit that has been incorporated into the updated modeling includes important shallow mineralisation that may be amenable to open-pit extraction.

Three-dimensional rectification of the Norlartic and Kierens gold mineral domains on level plans, spaced at three-meter intervals along the full vertical 1,360-metre horizontal and 630-metre vertical extent of the presently defined gold mineralisation, was incorporated into the updated modeling. This detailed modeling allowed significant portions of the Norlartic and Kierens resources to be upgraded from the Inferred classification to Indicated. The mineral resources are localised in proximity to Norlartic and Kierens underground mine workings, from which over 260,000 ounces of gold have been collectively produced. A void model of these underground workings was incorporated into the resource modelling, and all mineralisation within the void model is excluded from the mineral resources.

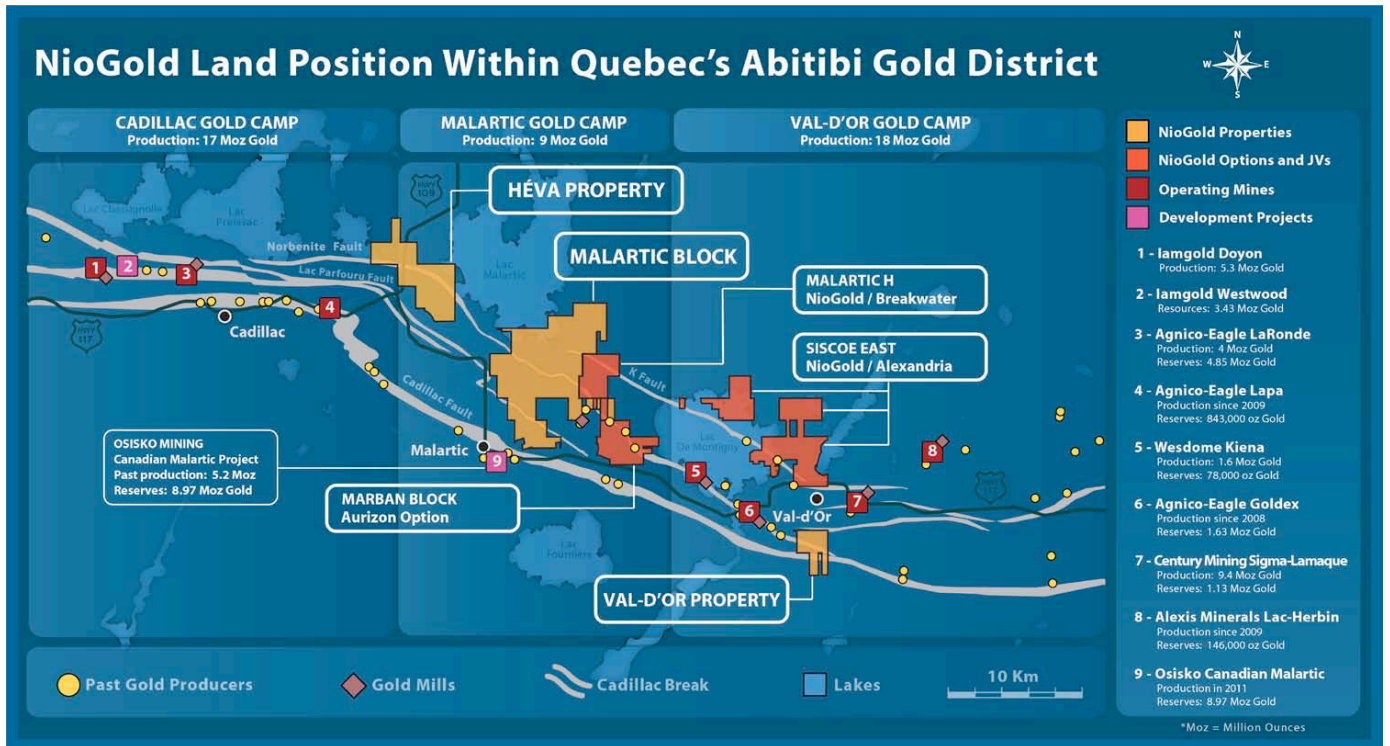
The Norlartic and Kierens gold deposits are localized within the Norbenite Shear, an important northwest-southeast striking and moderately to steeply northeast dipping deformation zone that traverses the Malartic project. Gold mineralisation is closely associated with altered and pyrite mineralised intermediate intrusions cutting sheared mafic and ultramafic volcanic (chlorite and talc-chlorite schists).

The Marban, Norlartic and Kierens mineral resource estimates were prepared by independent consultants Mine Development Associates of Reno, Nevada, under the supervision of Michael M. Gustin, Ph.D., P.Geol., in accordance with NI 43-101 Standards of Disclosure for Mineral Projects.



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Management

MICHAEL A. IVERSON, Chairman & CEO

Michael Iverson has been President and Director of Triple K Ventures Ltd from March 1975 to the present. He has also served as President and Director of R.P.F. Custom Wood Fibre Ltd since 1985. In November 1997, Mr. Iverson joined Sasha Ventures Ltd., a public company serving as President and Director. In addition to these substantial positions, Mr Iverson has been Chairman, Director and Chief Executive Officer of Fortuna Silver Mines from March 1998 to December 2004 remaining as a board member to present. Mr. Iverson is also Chairman and Director of Niogold Mining Corp formally known as Moreno Ventures Inc. since 1998 to the present.

ROCK LEFRANÇOIS, P.Geo. President & COO

Rock Lefrançois is a professional geologist that brings strong technical and management skills to the Company. Mr. Lefrançois has over 20 years of experience in the search and valuation of various types of precious and base metal deposits across the North and Central American Cordilleras and the Abitibi Greenstone Belt. During his career he has served as senior geologist for mid-tier mining companies, notably Cambior and Aur Resources. His local knowledge of the Val d'Or and Malartic mining camps was an asset in acquiring key ground to build NioGold's land package in the area.



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SIMON RIDGWAY, Director

Mr. Ridgway is an accomplished mine developer with over 30 years experience in the mining industry. During the 1990s, Mr. Ridgway led the discovery and development of two gold deposits in Honduras and Guatemala, both of which were subsequently sold and put into production by Glamis Gold, now Goldcorp.

Simon is a co-founder of the Gold Group, a stable of mining and exploration companies having a head office in Vancouver, Canada. The companies under his management include a full spectrum from grassroots exploration (Radius Gold Inc.), through advanced-stage definition drilling (Focus Ventures Ltd.) to production and cash flow (Fortuna Silver Mines Inc.). Since 2003, his group has raised over \$300-million including Fortuna Silver Mines raising \$35-million to finance the development of a new silver mine in Oaxaca, Mexico.

MICHELE N. MARRANDINO, Director

Mr. Marrandino brings 20 years experience in fund raising and management consulting to NioGold's Board of Directors. His diverse knowledge, experience and contacts in the oil & gas, mining and hi-tech private and public sectors of these industries have assisted many companies in reaching their potential and desired mandates.

TOBY LIM, Director

Toby Lim is called to the British Columbia Bar and has been an associate lawyer practicing securities and corporate law at Anfield Sujir Kennedy and Durno, a Vancouver based law firm, since 1998. He has worked with numerous public and private companies in relation to initial listings, financings, acquisitions, mergers, re-organizations and spin-off transactions, and has served as a director or officer of a number of public companies. He received his Bachelor of Laws degree from Osgoode Hall Law School in Ontario in 1996, and a Bachelor of Commerce with honours from the University of British Columbia in 1992.

DALE PARUK, Vice President Corporate Development

Dale is an experienced securities professional with 25+ years as a registered representative/investor relations officer. He has participated in funding over 100 companies. Dale coordinates NioGold's efforts in broadening the Company's exposure to the investment community in particular mining analysts, retail brokers, investors and media.

JONATHAN RICHARDS, Chief Financial Officer

Jonathan Richards was previously an audit manager at a premier Canadian chartered accountant firm where he specialized in the mining industry. He acquired significant accounting experience working with mineral exploration and development companies in Canada and throughout the world. Mr. Richards completed a bachelor's degree in management studies with first-class honors from the University of Waikato, New Zealand, and gained his membership of the New Zealand Institute of Chartered Accountants in 2005. In addition to audit experience, Mr. Richards is also the chief financial officer of a number of other public mineral exploration and development companies.



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Summary

I feel that Niogold is at the point where the geology and potential of the projects, particularly the Marban block, is sufficiently known that the 50,000 meter drill program now underway will essentially provide infill drilling that will be used in a feasibility study to determine mine configuration. The current resource of 960,000 ounces will likely be substantially added to with this program. Another 579,000 ounces of gold were not included in the 43-101 report as they were deemed to be economic at US\$1,100 gold which was the price of gold when the report was released in January 2010. One of the key goals of current drilling is to increase resources in this area potentially allowing for open-pit mining. Historic ounces of 170,000 at the North, Gold Hawk and North-North zone provide additional potential. Overall it is easy to see where NioGold can have 2,000,000+ ounces at the Marban block.,.

Additionally, new exploration further northwest along the Norbenite fault and at identified exploration drill targets on the Company's extensive land holdings mean the potential for new discovery is high.

We see strong potential for shares to appreciate to over CA\$0.80 per share within the next 18 months, and feel this is an appropriate speculative holding for risk-tolerant portfolios.

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Risks and Cautionary Statements for Investors

There are a number of factors to bear in mind when considering NioGold Mining. They are:

1. The information contained herein is derived from sources believed to be reliable but no warranty thereof is expressed or implied. This document is provided for information purposes only and is in no way intended as a recommendation to buy or sell securities in any company.
2. The author of this report, James West, is not accredited by any post secondary institution to render opinions as to the advisability of investment to individuals or institutions, and furthermore, is a paid consultant to the company, and as such, this report should be viewed in the context of advertising. Neither is he an accredited geologist or mining



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- professional, and therefore the statements surrounding the quality or viability of the company and its projects should be considered amateur conjecture and speculation.
3. Even if an economic deposit is determined, there can be no assurance that the necessary permits will be granted by provincial or federal government agencies, or that non-government groups may find sufficient reason to oppose the development of a mine in the area.
 4. Investing in junior natural resource companies is very high risk, and you could lose your entire investment. The liquidity in the market for the shares of companies like NioGold Mining can evaporate overnight, and it is possible that there will be no purchasers for any shares you buy now in the future.
 5. This company was previously a client of a company of which James West was sole proprietor, and received \$5,000 per month for each of August, September and October, therefore the opinion of James West could be described as biased towards the company. James West no longer has a direct relationship with the company and owns no shares, options, and receives no compensation from Niogold directly or indirectly.
 6. There is no assurance that the company will be able to continue to raise funds from the capital markets on which it now depends to finance its activity, and the company may find itself unable to execute on its business plans should such a condition arise.