

## Excellent Positioning and a Recent Agreement Make NioGold a Compelling Opportunity

By Dr. Allen Alper, Aaron Hoos and Bryan Martin



### **Dale Paruk Vice President Corporate Development, Mrs. Lefrancois, Rock Lefrancois, President and COO of NioGold Mining Corporation**

Good companies that turn into great companies can trace that breakthrough moment back to a single, significant event in their history. That event is the moment when they transformed into a dominant force, even though it might take years before they achieve headline-making status.

Investors who keep their eyes open for those breakthrough events, and invest when they see them, enjoy stellar growth and returns.

NioGold (TSX-V: NOX) just might have reached that breakthrough moment that other juniors may only dream of. NioGold combines some savvy leadership, a great land package, and a recent agreement to create what could be their defining event in the company's life cycle.

Back in the spring of 2009 when MetalsNews last met with Rock Lefrançois, President and COO of NioGold Mining Corporation, the seasoned veteran with an intimate

knowledge of Quebec's Abitibi Greenstone Belt made it clear that he and his company were actively pursuing a business partner to facilitate production on one of its many lucrative deposits.



After negotiating the option agreement on the NioGold land package, Aurizon stands to earn in on 50 percent of the property by investing \$20 million in the ground. Since that time, an excavation program has already commenced, and with more drilling in the works, the plan is significantly increase the resource base, take the project into a feasibility stage, and if all goes well, mine development.

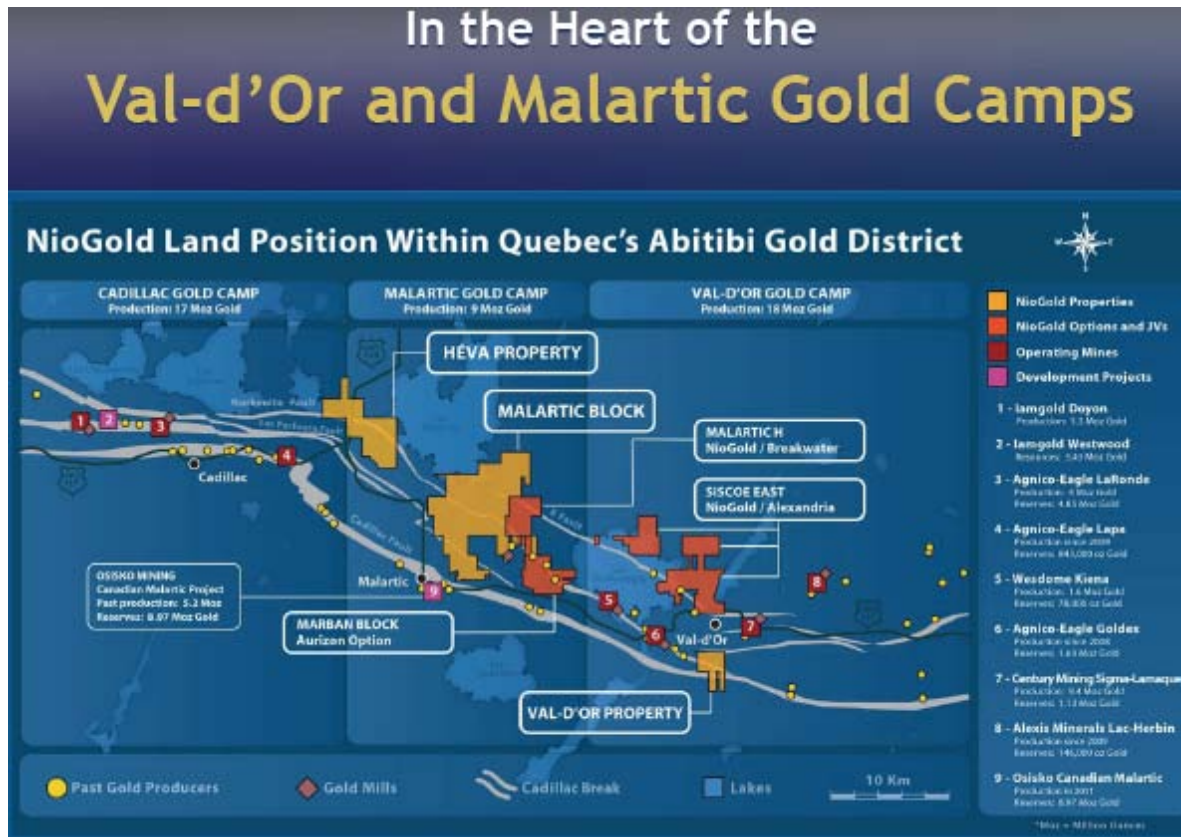
Recently, we spoke to Rock Lefrançois, President and COO of NioGold, and we talked about the company's leadership, their impressive land package, and how their agreement with Aurizon Mines positions them well for the future.

Of the CEO, Michael Iverson, Mr. Lefrançois said, "he has been a successful junior CEO. Initially he started three companies. Two were sold off to larger companies and NioGold is his next company to bring it up to a successful level."

And Mr. Lefrançois' own background is equally impressive: "I'm an exploration geologist in the industry for nearly 25 years," he said. "Most of my career, I worked with mid-tier mining companies across North and Central America. I have vast experience in all kinds of deposit types but mainly in precious and base metals."

The rest of their leadership team brings decades of varied experience – including experience in mining, fundraising, investing, and law. All are key roles necessary for successful growth.

In addition to management, Mr. Lefrançois was quick to point out another staff strength: "We have about a 12 person technical staff in Val d'Or. They're all local and know the area. They have a very good technical background." This gives them an advantage over other mining companies who might bring outsiders in. Instead, NioGold's experts are familiar with the area.



NioGold's flagship project is in the Abitibi gold belt in northern Quebec. It should be noted here that the Malartic, Cadillac and Val d'Or Gold projects would not have been a reality for NioGold had it not been for Lefrançois' exhaustive knowledge and understanding of the Abitibi Greenstone Belt. "The Abitibi region has produced about 170 million ounces of gold since about 1908," said Mr. Lefrançois. It's an area well known for gold production and Mr. Lefrançois described it as "an area that's probably the second largest gold camp in North America." He added: "We have a large land position there with gold resources defined at nearly a million ounces."

"We're in the segment we call the 'Val d'Or-Cadillac' segment of the Abitibi belt," explained Mr. Lefrançois. "That segment is about 40 to 50 kilometers long and has produced in excess of 45 million ounces of gold. Right now, the main players in the area are Agnico-Eagle Mines, Osisko Mining, and Wesdome Gold Mines. In those companies, there is about 17 million ounces of defined gold mine reserves and we're hoping to add to that tally in the next few years."

This is an exciting area of development to be in. With so much going on in the area, it's a promising placement for NioGold. Mr. Lefrançois added: "We're right in the heart of a prolific gold camp. Our chance of discovery is excellent and we have tracts of land that have not been explored and we're looking forward to doing some exploration drilling this year."

Mr. Lefrançois gave us a brief overview of the recent deal struck between NioGold and Aurizon Mines: "In July 2010, we successfully negotiated an option agreement with Aurizon Mines, which is a local mining company to develop one portion of our land package. Aurizon can earn up to 50% of the property by spending \$20 million in the ground. We have already started on the drill program. The goal of the program is to increase the resource base significantly and bring the project to a feasibility stage."

We asked him about the details. Specifically, how will Aurizon help and what is the plan to move forward?

## Near-term Objective/Strategy: Significantly increase asset value

### How?

- Three-year **\$20M** drilling program with Aurizon Mines Ltd. on Marban Block to feasibility study:
  - Increase near surface resources
  - Probe depth extent of deposits
  - Discover and define new zones
- Aggressive exploration drilling outside Marban Block

"The \$20 million program [with Aurizon Mines] is going to be about 200,000 meters of drilling which will take about 2 or 3 years. That's about the time frame that we want to bring this property to an updated resource estimate at that point. Then we'll decide if we want to go into the feasibility stage. And, of course if it's positive, we'll go into mine development," explained Mr. Lefrançois.

The approximately 1,000 hectares that comprise the Marban Block include four bordering mine properties totaling 42 mining claims and three mining concessions. Three former mines on the property, Marban, Norlartic and Kierens, have proven up 600,000 ounces of gold collectively. The estimated resources for open pit extraction at Marban Block are 6.0Mt @ 1.6g/t Au, or 303,000 ounces Indicated, and 4.4Mt @ 1.3 g/t Au or 179,000 ounces Inferred. The figures for underground extraction are 2.1 Mt @4.3

g/t Au, or 295,000 ounces indicated, and 1.5Mt @ 3.9 g/t Au, or 182,000 ounces inferred.

It's these numbers and the numbers that have surfaced in this region that put NioGold in a position enviable by most other junior exploration companies its size.

"Our land package and ounces in the ground set us apart from the competition," Lefrançois explained. "That base and our resource estimates are more than likely what attracted the attention of the mining companies here. It's safe to say we're a step ahead of most in the advancement of our project right now."

The early news is good news on this tract of land, and the NioGold-Aurizon agreement is clearly laid out. "In the short term, we had a budget approved in the Aurizon deal for \$5.9 million this year, which gives us about 50,000 meters of drilling. Right now we're currently drilling where we left off in early 2009: The near surface at one of the three deposits on our land that we know contain potential resources. These three deposits are all very close to each other – within 3 kilometers – and the one we're drilling has the largest footprint. It's a good system that is 1.2 kilometers long (that we know) and about 300 meters wide. Right now we have two drill rigs banging away at grid drilling the near surface mineralization. Later in the year we'll go to deeper depths, between 300 and 500 meters vertical depth. Then we'll drill one of our other resources later in the year. We have a lot of potential at depth. The gold deposits in the district extend down a kilometer or more. The past production on the property has not extended more than 500 to 700 meters. Right now we're really focused on drilling out bulk tonnage within the first 300 meters. Then we'll gradually drill down – first from 300 meters to 500 meters in depth, and in the late stages of the program we'll go much deeper to a kilometer down."

This sounds good but it also sounds like a lot of similar deals that investors hear about from time to time. We wanted to investigate further and find out what exactly made this so exciting.

Since there are other companies with a similar market cap, why might investors be interested in NioGold? Mr. Lefrançois gave a compelling answer: "If I compare us to other companies in the camp, a lot of juniors our size have more 'grassroots'-type properties. We're the junior company in that stretch of land that has the largest resource base. We have ounces in the ground. That's probably what attracted some of the mining companies when we came up with our resource estimates. After doing their due diligence, Aurizon Mines tabled an offer and we did the deal."

If this is the breakthrough moment for NioGold then there is one last piece of good news that investors will love to hear. The share price is still at a very reasonable level. Mr. Lefrançois gave us his opinion on NioGold's share price: "We're currently between \$0.30 and \$0.33, so with the ounces we have in the ground and the deal we signed with Aurizon to bring our known deposits into production, I think it's a very good share price."

According to NioGold's website:

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 -300m 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.

Perhaps most importantly, the near surface mineralization on the Marban property has the largest footprint gold system of all NioGold's others, at 1.2 kilometers, long and 300 meters in width. It is suspected that there are even more mineralized faults within this plot.

Investors will, of course, need to decide for themselves if this is the breakthrough moment for NioGold. But it is an exciting opportunity for a junior with a serious tract of land it's developing and we're interested to see how NioGold will grow from here.

<b>Share Info and Capitalisation</b>	
Toronto Venture Exchange:	NOX
Frankfurt Stock Exchange:	NG1
Shares Outstanding:	73.1M
Fully Diluted*:	81.6M
Recent Share Price:	30¢
52-Week Range:	18¢ - 43¢
Market Cap:	C\$22M
Working Capital:	C\$1.1M
* Warrants:	4.0M @ 50¢ 1 <sup>st</sup> yr / 75¢ 2 <sup>nd</sup> yr (Expire Dec. 2011)
Agent Warrants:	0.5M @ 25¢ (Expire Dec. 2011)
Options:	3.9M @ 20¢ to 30¢

**The Alper family purchased NioGold stock.**

**References**

<http://niogold.com>

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