

Mining Sector
Core activities: Exploration
Core area of activity: Quebec
Listing: TSX Venture (NOX.V)

NioGold Mining Corp



NioGold has two gold projects in the famous Val d'Or mining district of Quebec and a polymetallic project at an earlier stage, also in Quebec. There is an initial, NI 43-101 resource on one property, with excellent potential for expansion with further drilling.

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Initiation Report

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Contents

Executive Summary

Key Points	3
Overview	4
Valuation	6
Key Risks	10
Corporate Overview	11
Operating Environment	13
Properties	18
Financials	34
Appendix: Management	35

I certify that this report represents my own opinions.

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Key Points

23 June 2008
Price: C\$0.19

NioGold Mining Corp is a Canadian-based, TSX Venture Exchange-listed junior explorer with two gold projects in the famous Val d'Or mining district of Quebec and a polymetallic project at an earlier stage, also in Quebec. The company has an initial, NI 43-101-compliant, indicated and inferred resource on one property, with excellent potential for expansion with further drilling. Drilling programmes on a nearby claim block also offer good potential for delineation of a formal mineral resource in the short term.

- **NioGold is focusing on the Abitibi gold belt in Quebec**

NioGold Mining acquired two key mineral projects in the prolific Abitibi gold belt, just northwest of Val d'Or. The acquisitions, during 2005 and 2006, preceded a major increase in the price of gold and other metals, putting the company in a favourable position to capitalise on the run-up in gold. NioGold's other projects give it exposure to uranium and base metals. The company's team has experience with precious metals in the region.

- **The Marban Block is the company's most advanced project**

NioGold is actively drilling on its Marban Block project, which currently supports a NI 43-101-compliant mineral resource of 342,000 ounces at the adjacent Norlartic and Kierens deposits, based on an indicated and inferred resource of 3.85 million tonnes, averaging 2.7 grams of gold per tonne. The company has excellent potential to expand this resource at depth and along strike, and it has several other deposits with significant mineral resource potential. NioGold plans a major exploration programme on the project this year. The Marban Block represents over eighty percent of our estimated C\$10.1m of total exploration assets.

- **The Camflo West property enhances NioGold's position in the district**

The company also holds a 100-percent interest in the Camflo West property, which lies immediately northwest of the Marban Block. The property contains several gold occurrences and one, the Audet zone, contains a modest historical gold resource. NioGold plans an active drill programme on the property this year.

- **NioGold also has early-stage projects in Quebec favourable for uranium and base metals**

The company is planning a significant preliminary exploration programme on its Pump Lake project, southeast of Val d'Or. NioGold believes the property has geology comparable with the Olympic Dam-style iron oxide-copper-gold class of mineral deposits, with potential for huge, polymetallic deposits.

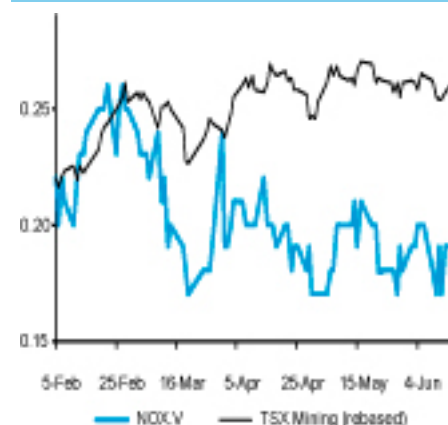
- **Exploration risk remains high**

Although NioGold has a modest mineral resource delineated on its key project, successful development depends on further exploration success, and a high proportion of the company's valuation is locked up in this exploration potential. Assessing fair value for Marban Block and NioGold is therefore difficult and subjective. As with any exploration company, there is a significant degree of risk associated with the potential investment rewards. Further exploration may not delineate sufficient economic mineralisation to support our base hypotheses.

- **Our core valuation of C\$0.21 exceeds the current C\$0.19 share price**

We assess NioGold's current value at C\$0.21 per share, with significant potential for appreciation with exploration success. Our optimistic scenario yields a value of C\$0.47 per share, highlighting the exploration potential of the Marban Block. Continued development suggests valuations as high as C\$0.93 per share, in the post-permitting environment. The company's other prospects offer further upside potential.

Price chart (C\$)



Current fair value of equity

Expected Value	C\$12.9m
Value per share	C\$0.21

Derisked upside potential*

Our core scenario	C\$0.44
Our optimistic scenario	C\$0.93
Maximum potential	C\$1.06

*potential assuming projects reach permitting

Company details

Quote

Shares	
- TSX Venture	NOX.V
- Frankfurt	NG1.F
- Pinksheets	NOXGF.PK
Hi-Lo last 12-mos. (p)	0.60 - 0.15
Shares issued (m)	61.5
Fully diluted (m)	76.1
Market Cap'n (C\$m)	11.7
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Overview

NioGold Mining is a TSX Venture Exchange-listed junior exploration company with two gold properties in the Abitibi gold belt, near Val d'Or in northwestern Quebec. The company also holds a polymetallic prospect in Quebec, just north of the Mt. Laurier uranium district. The company is an active explorer and expects to spend approximately C\$4m on preliminary exploration and drilling on its three active prospects this year, with most of its effort going to a major drill programme on the Marban Block project.

The Marban Block project is NioGold's most advanced project...

NioGold acquired the 976-hectare Marban Block project in 2006, in anticipation of further appreciation in gold prices. The project lies in the historic Abitibi district that straddles the Quebec and Ontario border, where over 170 million ounces of gold have been produced over the past century. The project lies within the Malartic mining camp, where mines have produced approximately nine million ounces historically, led by the 2.9-million-ounce East Malartic and 1.9-million-ounce Camflo mines.

The Marban Block supported three historic gold producers. The Marban and Norlartic mines produced significant amounts of gold during the 1960s and mining at Norlartic and Kierens took place during the 1980s. In total, the three mines on what is now NioGold's property yielded a total of nearly 600,000 ounces of gold.

In 2007, Mine Development Associates calculated a NI 43-101-compliant mineral resource for the Kierens and Norlartic deposits. The two nearby ore bodies contain an estimated 340,000 ounces of gold, based on a largely inferred resource of 3.94 million tonnes, averaging 2.7 grams of gold per tonne. This resource remains open at depth. Historic resource calculations exist for the North deposit, and for the Gold Hawk and North-North deposits.

NioGold commenced an aggressive drilling programme last year on its Marban Block project, concentrating much of its effort on the Marban deposit. The 2008 exploration budget for the Marban Block is C\$3.0m. The work will include 25,000 metres of drilling; concentrating on the Marban zone, with significant testing also planned for Marban Northeast, as well as the Norlartic, Kierens and Gold Hawk deposits.

Assays from the 2007 and 2008 drilling should lead to an initial resource calculation for Marban and North-North. The company will also be drilling deeper holes into the Kierens and Norlartic deposits, which could result in a revised resource calculation. Our core valuation includes an estimated C\$8.3m for the Marban Block within the total exploration assets estimated by us at C\$10.1m.

The Camflo West project is nearby, adding further value to NioGold...

NioGold also acquired the Camflo West project in 2005. The property lies approximately three kilometres northwest of the Marban Block project and it is two kilometres north and west of the historic 1.9-million-ounce Camflo mine.

Ownership of the Camflo West property was fractured through most of its earlier exploration. Therefore, the property is at an earlier stage than is the Marban Block. The property hosts several gold occurrences and one, the Audet zone, contained an historic resource of 276,179 tonnes grading 2.62 grams of gold per tonne, for just over 23,000 ounces of gold.

Other deposits on Camflo West produced noteworthy gold assays. Burbank, two kilometres southeast of the Audet zone, produced 6.2 grams of gold per tonne over a 1.5-metre interval. Assays from the West Shore Malartic occurrence, six kilometres east-northeast of Audet, reached 9.4 grams of gold per tonne. NioGold proposes spending C\$0.5m on Camflo West in 2008 in a programme that will include 2,000 metres of drilling. Our core valuation includes C\$1.3m of book value for Camflo West.

The early-stage Pump Lake property is an intriguing polymetallic prospect...

NioGold has an option to acquire a 100-percent interest in the Pump Lake project, which is 200 kilometres southeast of Val d'Or and 50 kilometres north of the Mt. Laurier uranium district. The property is an early stage project with characteristics comparable with the iron oxide-copper-gold (IOCG) class of mineral deposits, which can be huge, intrusive-related polymetallic systems with tonnages ranging from 100 million tonnes to over one billion tonnes.

NioGold considers Pump Lake favourable for copper, gold and uranium. Preliminary work over a 2,300-metre-long swarm of intrusive dikes yielded elevated values of uranium, niobium and rare earth elements. The company proposes spending C\$0.45m on the project this year. The work will include prospecting, geophysics and trenching. Our core valuation includes C\$0.6m of book value for Pump Lake and assumes that the company exercises its option to acquire the 100 percent interest.

NioGold's management has experience with gold and the Abitibi region

A management group led by Michael Iverson has reorganised NioGold Mining into an active junior exploration company, with a primary focus on gold in the Abitibi region of Quebec. Mr Iverson has been managing public junior resource companies for more than 10 years. He has been with NioGold for several years and has been president and chief executive officer of the company continuously since 2006.

He brought in geologist Rock Lefrançois early in 2005 to serve as vice-president and a director. Mr Lefrançois has over 20 years of experience in precious and base metals exploration across the Americas, much of it in the Abitibi gold belt. The company has additional expertise to draw upon, from its directors and technical advisors.

Valuation

Our valuation approach

We have valued NioGold based on assessing the economic potential of the company's key property, the Marban Block. In so doing we have accounted for: the likelihood that an economic resource will ultimately be proven; the likelihood that feasibility will be established, after considering metallurgical, social and permit issues etc; and the likely economics if actual mining were to occur, considering parameters such as tax, operating costs, revenues etc.

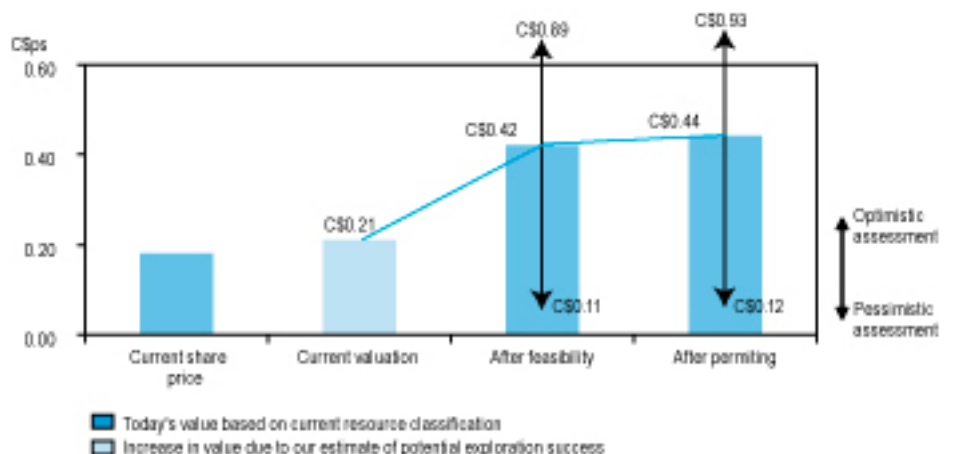
One of the key issues that any mining analysis must consider is the problem posed by the dependence of our assessment on commodity prices. This issue takes two forms – what will be the price environment when mining eventually occurs; and the operating dynamics in response to changing mining prices.

From a valuation perspective, the aspect of operational dynamics that is of interest is the ability to “mothball” operations during periods when the commodity price is below the marginal cost of extraction. This creates what is frequently referred to as “optionality” – something that traditional NPV fails to capture. Intuitively this can most easily be understood by thinking of NPV as assuming that positive and negative deviations from our mid-case have a similar likelihood of occurring and hence balance each other – however, in mining, the downside is capped at the cost of “mothballing” the site.

We capture these aspects by valuing each year's production as an option assuming that prices revert to mean over the long run – that is, the mine will only operate if the commodity price is above the extraction cost. In essence, rather than valuing that year's production as we would in an NPV model as the discounted value of the cash-flow estimated using the mid-case for the commodity price we value the probability that the price is above the extraction cost.

In valuing the economic potential of resource projects, we assume that while commodity prices are volatile they return to an inflation-adjusted, long-run mean. For example, in the case of precious metals, gold has historically traded at approximately US\$550 per ounce in current dollars since the early 1970s, with deviations from mean normally correcting over 8.0 years with a volatility of 25 percent.

What NioGold could be worth - now and in the future



Source: Objective Capital

Fair value summary (C\$m)

	Scenario		
	Base	Pessimistic	Optimistic
Property portfolio			
- Marban	9.5	(0.3)	25.9
- Camflo West	1.3	1.3	1.3
- Pump Lake	0.6	0.6	0.6
Total	11.3	1.5	27.7
Less: overhead	4.8	4.8	4.8
Expected value of portfolio	6.5	(3.3)	22.9
Add: other investments	0.0	0.0	0.0
Add: starting cash + new funds	6.6	6.6	6.6
Total current value for firm	13.1	3.3	29.5
Less: bank & other debt	0.0	0.0	0.0
Total value to equity claims	13.1	3.3	29.5
Less: warrants and options	0.2	0.0	1.0
Ordinary equity holders	12.9	3.3	28.5
Value per share (C\$)	0.21	0.06	0.47

Expected fair value of NioGold Mining

Scenario	Risked mineable resources (m tonnes)	Marban property value (C\$m)	NOX Valuation (C\$m)	Value per share (C\$)
Base case outlook	4.8	9.5	12.9	0.21
Value for scenarios of further exploration success				
Full proved up	8.7	31.3	33.4	0.54
Optimistic outlook	7.7	25.9	28.5	0.46
Pessimistic outlook	3.1	(0.3)	3.3	0.05
Value with no further exploration success				
Current resource estimate	0.6	(4.0)	(0.3)	(0.01)

Note:

- 'fully proven up' scenario assumes that current mineable resource estimates are upgraded to 'Proven' status
- for further details see Marban property section

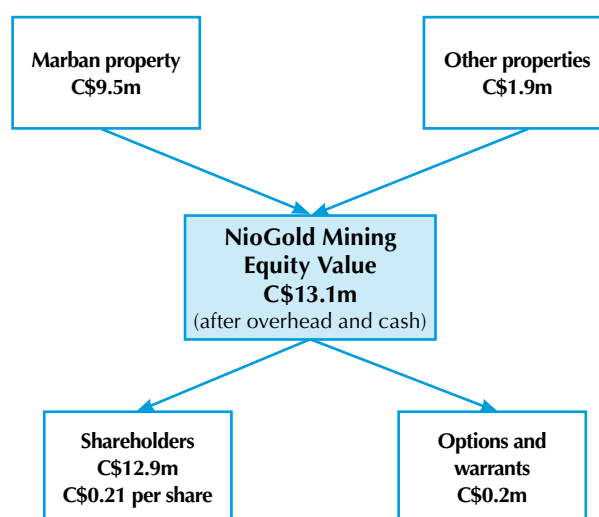
Sensitivities to assumptions on ...

Change in recovery rate (%)	60%	65%	70%	75%	80%
Value (C\$ps)	0.14	0.18	0.21	0.24	0.28
Change in value (%)	-32%	-16%		+16%	+32%
Operating costs (US\$/oz)	366	385	404	424	443
Value (C\$ps)	0.27	0.21	0.15	0.09	0.05
Change in value (%)	+27%		-29%	-58%	-76%
Increase in capital cost (%)	+0%	+10%	+20%	+30%	+40%
Value (C\$ps)	0.21	0.16	0.10	0.03	-0.01
Change in value (%)		-26%	-54%	-84%	-104%

Sensitivity to market assumptions ...

Long run real gold prices (US\$/oz)	500	525	550	575	600
Value (C\$/share)	0.15	0.18	0.21	0.24	0.27
Change in value (%)	-29%	-15%		+14%	+28%
Time for gold price to revert to mean (years)	6	7	8	9	10
Value (C\$/share)	0.15	0.18	0.21	0.24	0.26
Change in value (%)	-29%	-14%		+13%	+24%
Volatility of gold price (%)	20%	25%	30%	35%	40%
Value (C\$/share)	0.18	0.21	0.25	0.29	0.34
Change in value (%)	-14%		+17%	+38%	+63%
Interest rate (%)	2.89%	3.39%	3.89%	4.39%	4.89%
Value (C\$/share)	0.23	0.22	0.21	0.20	0.19
Change in value (%)	+10%	+5%		-5%	-9%

Components of NioGold Mining's entity value



Marban valuation (C\$m)

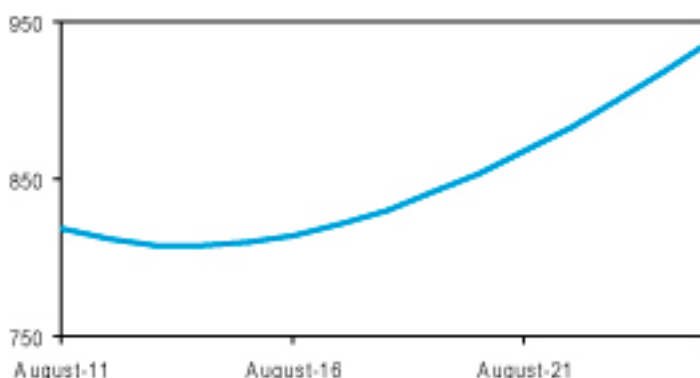
Scenarios for exploration success	Base	Optimistic	Pessimistic
Net value of production	112.6	112.6	112.6
Expected mining success*	50%	80%	32%
Expected net value of production	56.2	90.1	36.0
Add: tax shield on depreciation charge	12.8	12.8	12.8
Less: development & operational capex	41.3	41.3	41.3
Value of mining operations	27.7	61.6	7.5
Probability of reaching mine development	48%	48%	48%
Expected value of deposit	13.4	29.8	3.6
Less:			
- expect pre-development costs**	0.5	0.5	0.5
- further exploration costs ***	3.5	3.5	3.5
Expected value of project	9.5	25.9	(0.3)
effective risk haircut	84%	65%	96%
Ownership	100%	100%	100%
NioGold's share	9.5	25.9	(0.3)

- * portion of reserve/resource expected to be converted to a mineable resource, probability-weighted for our confidence they will be proven-up
- ** shown as expected value of being incurred after allowing for likelihood of reaching each development stage
- *** present value

Commodity market assumptions

Gold prices are mean reverting	
Long run level (in 2008 prices)	550 US\$/oz
Avg time to revert	8 years
Volatility	25%
Inflationary price growth	2.5%

Expected gold price (US\$/oz)



Our key assumptions

We model NioGold's Marban Block project based on the following key assumptions:

- the property currently has an NI 43-101 indicated and inferred resource of 3.94 million tonnes. We hypothesise a further 8.06 million tonnes in theoretical mineral potential. Our analysis assumes that further exploration will convert this combined amount to a mineable resource of some 12 million tonnes – or, after allowing for the confidence level of each resource category, 9.69 million tonnes on a risk adjusted basis.
- assuming exploration success we have modelled that mining will commence in the third quarter of calendar 2011 targeting an eventual capacity of 4,500 tonnes per day. We assume capital expenditures will begin early in 2010 with a total cost of approximately C\$50m over that and the following year.
- we assume initial operating costs of C\$385 per ounce of gold, or C\$23.50 per tonne milled, increasing at a nominal rate of inflation thereafter. We assume a tax rate of thirty percent.
- NioGold has yet to complete exploration of the Marban Block project. We have assumed success probabilities of sixty percent, 85 percent and 95 percent at the pre-feasibility, feasibility and permitting stages respectively.

Our results

After allowing for likely economics, exploration potential and development risk our analysis suggests an expected value of C\$9.5m for the Marban Block project. We ascribe current nominal book values of C\$1.3m for Camflo West and C\$0.6m for Pump Lake. After allowing for corporate overhead and outstanding warrants, our assessment of NioGold's ordinary equity results in a base-case current valuation of C\$12.9m, or C\$0.21 per share, with an optimistic current valuation of C\$0.46 per share, assuming higher probabilities of exploration success.

Our analysis suggests that NioGold's current value is based largely on exploration potential and should there be no further exploration success, then the current level of risked resources may not be sufficient to justify extraction. Alternately, if all available potential resources in the company's Marban Block project were ultimately proven, they could yield up to C\$1.06 per share. Our base-case and optimistic outlooks, assuming success at all stages through permitting, result in valuations of C\$0.44 and C\$0.93 per share respectively. Success at any of the company's other key projects, or delineation of additional resources beyond our hypothesised estimates could add further value.

Benchmarks

Benchmark comparisons with other companies can offer only a rough guide to what might occur as NioGold develops Marban, possibly with contribution from Camflo West, in that the company is a junior, exploring properties prior to the prefeasibility stage.

As shown in the table below, we have compared other companies with significant gold projects at early and intermediate stages of exploration, and a few now in production. In general terms, they show the increase in value attaching to a resource as exploration advances.

For current or imminent producers, the market is ascribing values between C\$80 and C\$250 per ounce of gold equivalent in established resources. Companies with well-defined formal resources but still without feasibility studies carry market capitalisations between C\$20 and C\$100 per ounce of gold equivalent, a range generally dependent upon the stage of exploration, the size of the deposit and the likely method of mining. Companies with initial resource calculations and with potential to substantially increase these resources have lower market capitalisations.

At present, NioGold has a gold resource of roughly 0.4 million ounces and the company's current market capitalisation translates to C\$28 per ounce of gold. This result falls within the lower range of expected values. Further, with a target of one million ounces based on exploration potential, NioGold's market capitalisation drops to C\$11 per ounce.

Comparable companies

Gold Company	Ticker	Price C\$	Shares (m)	Mkt Cap (m)	Gold Equiv Mln Oz.	Mkt Cap per ounce Au Ounce	
Conroy Diamonds & Gold	CDG.L	0.062	105.7	\$6.6	0.7	\$9.93	Resource; exploration
Niogold Mining Corp	NOX.V	0.185	61.5	\$11.4	1.0*	\$11.38	Resource; exploration
Midlands Minerals	MEX.V	0.28	53.1	\$14.9	1.0*	\$14.87	Resource; exploration
GLR Resources	GRS.TO	0.375	63.6	\$23.9	1.2	\$19.88	Resource, feasibility
Osisko Exploration Ltd	OSK.T	3.95	161.6	\$638.3	8.4	\$75.99	Feasibility in progress
Etruscan Resources	EET.TO	1.87	124.2	\$232.3	2.7	\$86.02	Production
Golden Star Resources	GSC.TO	3.06	235.9	\$721.9	7.3	\$98.88	Production
Great Panther	GPR.TO	1.28	81.1	\$103.8	0.9	\$115.34	Production
Barrick Gold Corp	ABX.TO	39.64	871.7	\$34,554.2	207.1	\$166.85	Production
Red Back Mining	RBI.TO	8.27	188.3	\$1,557.2	6.1	\$255.29	Production

* based at least partially on hypothesised mineralisation

Source: Objective Capital

Key Risks

NioGold Mining holds several mineral prospects in Quebec, but none has yet received scoping or prefeasibility studies. The company has a NI 43-101-compliant mineral resource on one project and a small historical resource on a second, but the company's value depends on the ability of NioGold to advance several prospects sufficiently to demonstrate economic viability. Although all three of the company's key mineral prospects offer potential for success, each carries significant risk.

NioGold Mining's success depends on...

...the company delineating sufficient resources to support mining

To date, only the Marban Block has a NI 43-101-compliant mineral resource, and we consider this insufficient to support a mine. We base our valuation of NioGold on the reasonable assumption the company will add significantly to this resource through further drilling on the Marban Block and Camflo West. Failure to expand the current resource materially would have a materially adverse impact on our valuation.

...the company's ability to control capital and operating costs

All the company's properties contain smaller-scale deposits at present, and development will require careful planning and execution. The typical project scale creates the risk that future cash flow will be insufficient to repay the required initial capital investment. Further, there is the risk that revenues will be insufficient to cover operating costs. Mining developments and operations continue to face significant inflationary pressures due to shortages of equipment, supplies and labour. We expect these pressures will abate in the mid-term, but there is a risk that inflationary pressures will exceed our assumed rates.

...gold prices remaining robust

Gold prices have edged lower from their crest above US\$1,000 per ounce early this year, and we expect the price to revert toward its long-term, inflation-adjusted mean of US\$550 per ounce over the next several years. Although our modelled price of gold supports the economic viability of the company's projects, there is the risk of materially lower gold prices occurring in the longer term. This could adversely affect our valuation.

...the company's ability to raise further funds for exploration and development

NioGold is a junior exploration company with limited access to capital and we expect it will need increasing amounts of cash to fund its exploration programmes. In addition, the company will need capital to cover development costs for its projects, should it have exploration success. The need for further private placements of NioGold shares could result in significant dilution to shareholders.

...the company's ability to obtain permits and environmental approvals

NioGold is operating in mining-friendly Quebec, but the company would have to complete detailed environmental assessments in order to obtain provincial and federal approvals for project development. Although the risk of failing to obtain permission is low in this established district, there is the risk of added costs and delays.

NioGold Mining Corp is a Canadian-based public company trading on the TSX Venture Exchange that is focusing on exploration and development of gold projects in Quebec. The company has secured several key properties that offer opportunity for new discoveries, the delineation of significant gold resources and rapid development upon success. Although gold is likely to remain NioGold's priority, the company's project portfolio includes exposure to silver, copper, uranium, base metals and rare earth metals.

NioGold was incorporated in British Columbia during 1988, then under the name Penn-Gold Resources Inc. The company completed an initial public offering in 1995 and its shares became listed on the Vancouver Stock Exchange. Penn-Gold pursued several mineral projects through the 1990s without success and completed a reorganisation in 1998, becoming Moreno Ventures Inc through a 1-for-13-share consolidation. In 2002, the company again restructured itself, becoming NioGold Mining through a 2-for-5-share consolidation.

Michael Iverson became a director of the company in 1998, at the time of its first reorganisation. He assumed the dual roles of president and chief executive officer of NioGold early in 2006. Rock Lefrancois became a director early in 2006 and he serves as the company's secretary and vice-president of exploration. Arden Morrow joined the board in the spring of 2006 and Michele Marrandino became a director early in 2007. The latest member of NioGold's five-person board is Toby Lim, who was appointed early this year.

NioGold now has a 7,000-hectare package of land comprising properties in the Malartic-Val d'Or mining district, in the Abitibi region of northwestern Quebec. The Abitibi region hosts many current and former producing gold mines that have yielded more than 170 million ounces of gold over the past century.

NioGold's portfolio of properties includes former mines and previously explored but undeveloped gold zones where the company could rapidly define significant gold resources. As well, its projects contain underexplored areas along the known mineralised trends, which offer significant upside exploration potential.

The company's top project is the advanced-stage Marban Block property, which currently contains a NI 43-101-compliant resource of 342,000 ounces of gold, but with considerable further potential at depth. NioGold's short-term objective is the delineation of over one million ounces of gold through a C\$3m drill programme this year.

NioGold is budgeting C\$0.5m for the nearby Camflo West project, which has yet to receive a systematic exploration programme because several groups held the land independently. With its consolidated holdings in the area spanning seven kilometres of the gold-bearing Norbenite-Marbanite deformation zone, proximity to the multimillion-ounce Camflo mine and several gold occurrences identified independently on the property, the company believes the property has the potential to host a significant gold deposit.

The company's Pump Lake property was a 2007 acquisition that is an early-stage project displaying similarities with classic iron oxide-copper-gold deposits such as Olympic Dam in Australia. NioGold proposes to spend C\$0.45m exploring the Pump Lake property this year.

Further, the company has several other prospects in the region, offering potential for gold, uranium, and rare earth elements. NioGold plans to spend C\$0.55m on general exploration this year.

NioGold Mining currently has 61.6 million shares outstanding. In addition, the company has 3.6 million share purchase options outstanding, with exercise prices ranging between C\$0.28 and C\$0.47 and averaging C\$0.345. A total of 1.75 million agent's compensation warrants are outstanding, exercisable at C\$0.45 and 11.0 million share purchase warrants exercisable at C\$0.70 are outstanding. If fully exercised, the options and warrants would bring NioGold's share total to 78.0 million shares and would provide the company with C\$9.75m in cash.

The shares of NioGold Mining are widely held, with no one shareholder controlling a ten-percent interest in the company. Mr Iverson is the largest shareholder amongst the company's directors, with a holding of 337,000 shares, or 0.5 percent. Combined, directors and officers of NioGold hold less than one percent of the outstanding shares.

The company's largest shareholders are institutional investors, including limited partnerships and funds such as Pacific International, Pinetree, Mavrix, Dynamic, Norrep and Canada Dominion Resources.

At 1 March 2008, NioGold had C\$6.85m in net current assets despite the increasing exploration expenditures. NioGold plans to spend C\$4.5m on exploration during 2008, which will represent a significant increase over earlier years. During its fiscal year ended August 31, 2007, the company spent C\$2.6m on its mineral projects, compared with C\$1.6m a year earlier. During the fiscal year ending August 31, 2005, NioGold spent C\$1.0m on exploration and just C\$0.3m a year earlier.

Because of its increased exploration activity, the company has been adding significantly to its common share total in recent years. During the last fiscal year, the company received C\$9.9m in cash through the issuance of 28.2 million shares. A year earlier, NioGold issued 17.0 million shares and received C\$2.8m in cash. During the fiscal year ended August 31, 2005, NioGold issued 6.9 million shares and received C\$2.0m in cash.

Like many Canadian junior mineral exploration companies, NioGold maintains its head office in the Vancouver region of British Columbia. Because of its focus on Quebec, the company also has an exploration field office in Val d'Or.

Gold is a unique commodity, as it has limited industrial and chemical uses that cause its destruction or loss. Because of its unique colour and brilliance, combined with its rarity, nearly all of the gold ever produced remains intact and available for resale under the right economic circumstances. Since the beginning of recorded time, gold has been the dominant metal of choice for jewelers and investors. To this day, the two sectors account for most of the demand for the metal.

Historical gold production has now reached about 160,000 tonnes. About two-thirds of the world's total gold production occurred following the Second World War.

The supply and demand profile

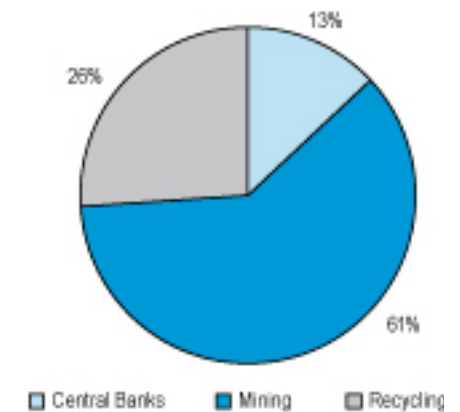
Gold production lags the price curve and world production crested at approximately 2,600 tonnes during 2001, about five years after a major decline in price set in. Production slipped just marginally since then, to about 2,500 tonnes per year, notwithstanding a recent resurgence in price. Mining continues to account for just over sixty percent of gold supply over the past five years, despite the adverse mining environment sparked by record low prices on an inflation-adjusted basis. Recycled gold accounted for almost one quarter of the supply over that same period, while sales by central banks contributed nearly one sixth of the annual gold supply during the five-year span.

Mining companies were slow to resume their exploration programmes, and the price surge that began in 2005 is just now sparking renewed exploration efforts on a broad scale. Meanwhile, huge increases in base metal prices should provide a significant new source of gold in the longer term, as porphyry copper deposits are developed. These deposits may account for about one quarter of the gold remaining in undiscovered resources.

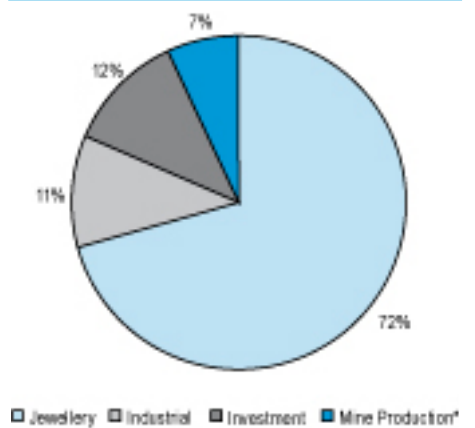
The jewellery industry dominates the demand for gold. Since 2000, approximately three quarters of the annual gold supply is transformed into jewellery. Over the same interval, investors and speculators took up about one eighth of the annual gold supply. Industrial and chemical uses of gold accounted for the remaining one eighth of the gold produced annually.

Although users of base metals and other commodities often have major alternatives to rely upon in the event of major price movements or supply shortages, users of gold have limited opportunities for substitution. Other precious metals see just limited use in the jewellery sector, and in any case, their prices typically track that of gold.

Gold supply source

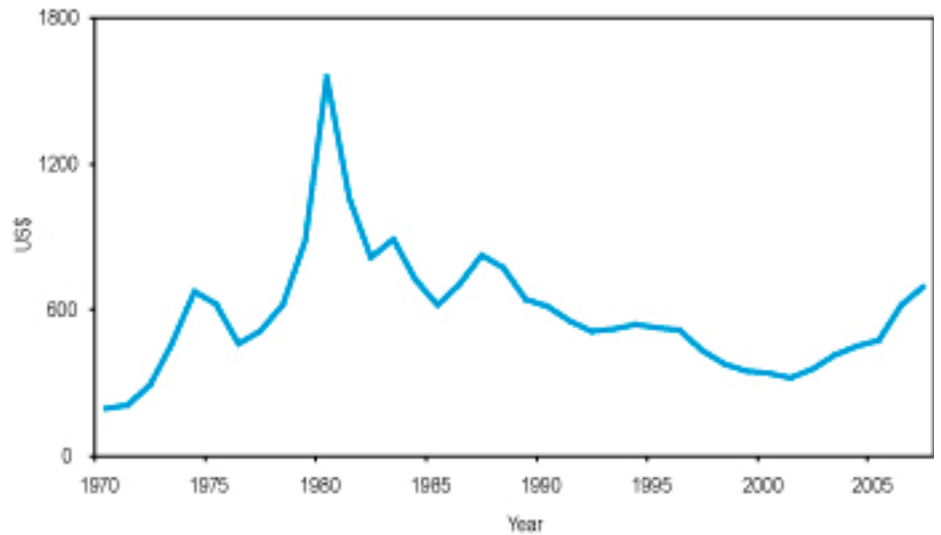


Gold demand flows 2001-2007

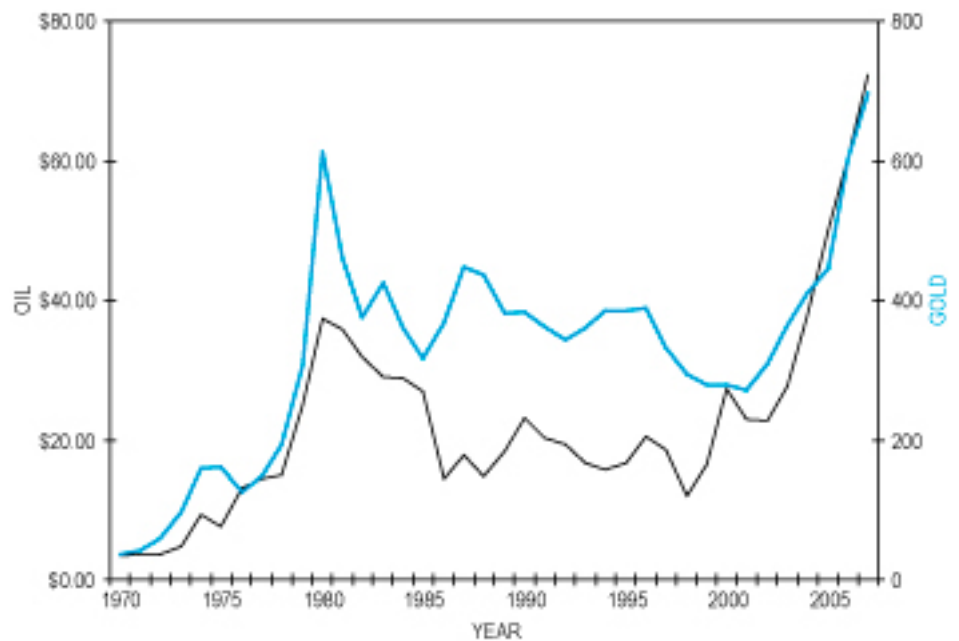


Source: GFMS Ltd. and Objective Capital

Inflated-adjusted gold price



Gold vs oil



Source: GFMS Ltd. and Objective Capital

Price influences

Investors continue to view gold as an excellent hedge against inflation, although the metal is no longer a primary international currency. Because of this perception, the price of gold continues its traditional pattern of tracking the price of oil and the United States dollar.

In addition, shifts in world politics and dramatic events occasionally exert powerful short-term influences on the price of the metal, as speculators flock to, or shy from, gold as an investment hedge. This response is universally assumed, but often overrated. Although the crest of the previous big bull market occurred during the opening days of the Iranian crisis and the opening salvos of the Iraq-Iran war in 1980, other world events failed to trigger a similar reaction. For instance, the dramatic decline in the price of gold from 1997 to 2001 coincided with increased terrorist activity by Al Qaeda, activities that included the bombing of United States

embassies in the summer of 1998 in Nairobi and Dar es Salaam and the bombing of the USS Cole in Yemen in the fall of 2000. Indeed, although the deadly events of September 11 2001, and the world's response, must rank as one of the biggest shocks in memory, it failed to boost gold out of its rut.

As a result, we maintain the price of oil and the relative strength of the United States dollar offers the strongest correlation with gold. Both oil and the US dollar are powerful factors in determining the rate of inflation, so it is entirely logical that the US inflation rate is the best predictor of the price of gold.

Meanwhile, changes in the global economy are exerting major influences on the supply and demand curves. Despite the occasional hiccup, economic growth in China and other key Asian countries is expected to continue at a torrid pace in the medium term. This added demand is straining the supply side of the pricing equation beyond its traditional bounds. We expect continued growth in China and other developing Asian economies, so demand for gold should remain buoyant in the medium term.

Aside from the rising price of gold, the costs of fuel, steel and labour continue to grow, increasing the operating and capital costs of mines. The average quoted cash cost for gold production in 2005 averaged US\$270 per ounce. The amortised capital and closure costs of the mines as well as the expenses of exploration needed to replace reserves bring the real average cost of an ounce of gold to about US\$375 per ounce. This steady erosion of profits at mines with limited profitability could affect the supply.

We expect renewed exploration programmes and the development of existing deposits will add considerably to the supply of gold in the longer term, providing a realistic cap on gold in the longer term.

The price outlook

Gold has a reputation for volatility because of a surge nearly thirty years ago that carried the price to a high of over US\$800 per ounce by 1980. That surge occurred in less than a decade since the metal threw off the US\$35-per-ounce shackle it endured from the days of the Great Depression to the early 1970s. A twenty-year bear market then set in, sending gold to a low of barely US\$250 per ounce by the late 1990s.

The rally that began in 2001 is now in its sixth year, but the long-term outlook nevertheless remains bullish. Despite the perception of price volatility, gold remained remarkably flat for lengthy stretches, notably in a fourteen-year period that ended with the crash in the mid-1990s. The price of the metal averaged about US\$400 per ounce from 1982 to 1996 and it rarely strayed from a range between US\$350 and \$450 per ounce.

Despite lingering memories of gold at under US\$300, we believe the inflation-adjusted long-term average price since 1970 of US\$550 represents a realistic floor going forward. As a result, we expect gold to stabilize near this value, adjusted upward for the cumulative effects of inflation, once the current rally runs its course.

Most indicators remain neutral to positive for gold. The US dollar should decline slightly relative to other major currencies for the next few years. Meanwhile, the United States and other developed countries are experiencing a mildly inflationary cycle, accompanied by rising global interest rates. Oil prices are showing little sign of retreating from near-record levels any time soon, although we ultimately expect oil will gradually retreat toward its twenty-year average of about US\$20 per barrel, although inflation will ensure the real price remains well above this mark. As a result, many gold analysts predict the shorter-term gold price will average above US\$700 per ounce for the next few years, supported by supply and demand concerns.

The mining environment in Quebec

Quebec is the largest province in Canada at 1.54 million square kilometres. It occupies much of the eastern half of the country, immediately east of Ontario and adjoining the Atlantic provinces of New Brunswick and Newfoundland.

Canada's economy ranks highly. The International Monetary Fund ranks the country 13th in terms of purchasing power parity gross domestic product on a per capita basis, at US\$36,984. This places Canada immediately behind the United Kingdom and just ahead of Sweden and Belgium. The economy of Quebec lags that of most other Canadian provinces on a per capita basis, outperforming just the three Maritime Provinces. Nevertheless, Quebec's GDP would rank it among the world's top thirty countries.

Natural resources are a key component of Canada's economy. The country ranks as one of the largest mining nations in the world and the resource sector contributes approximately four percent of the country's gross domestic product, according to Statistics Canada. The projected value of Canadian mineral production during 2007 is C\$40.4bn and exploration expenditures topped C\$2.5bn last year.

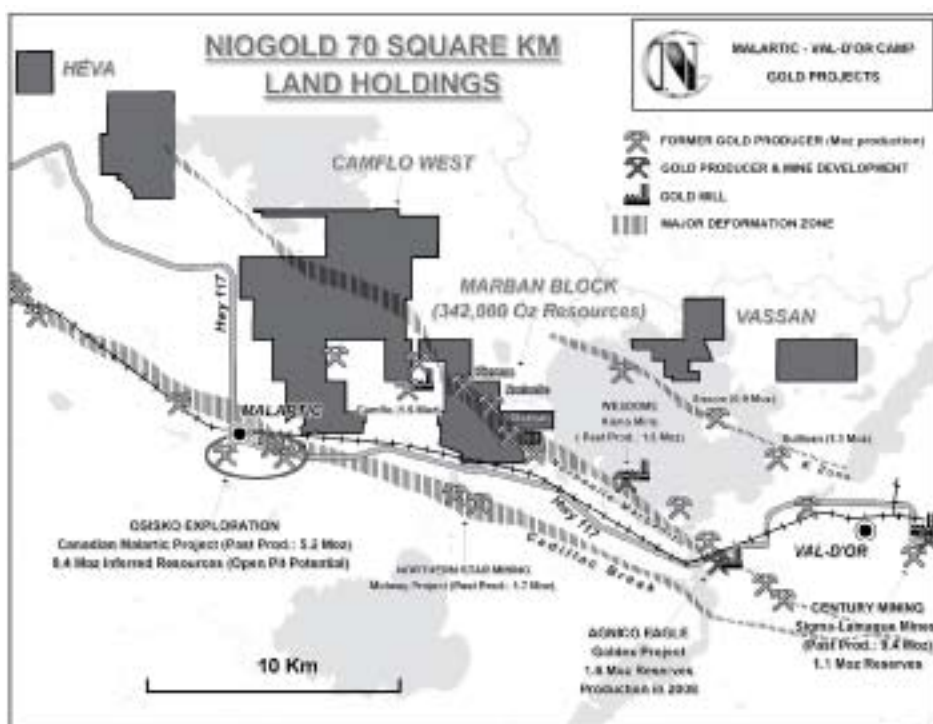
Mineral resource companies spent C\$430m on exploration in Quebec last year, one-half of it on the search for gold and precious metals. During 2007, mineral production from Quebec mines amounted to C\$5.5bn, with gold at C\$649m ranking second in value to nickel, at C\$994m.

International mining companies rate Canada as a favourable country to engage in mineral exploration and development, and Quebec ranks highly within the internal Canadian jurisdictions. The Fraser Institute's 2007/08 Survey of Mining Companies ranked Quebec first among 68 listed locations around the world, topping Nevada, Finland, Alberta and Manitoba.

Mining executives rated Quebec highly based on the province's taxation rates and policies, political stability and security, and its underlying geology. The province received lower ratings in categories pertaining to aboriginal land claims and potential environmental issues, but here too, its scores remained above average.

The Quebec government supports the mining sector with a favourable taxation system. Mineral explorers can, in many cases receive tax credits of up to 45 percent for field exploration, allowing a company to use tax credits for refinancing with less dilution to its share structure.

Malartic-Val-D'or Camp gold projects



Source: NioGold Mining Corp

Properties

Marban Block

NioGold holds a large land package of over seventy square kilometres in the Malartic and Val d'Or mining camps, in the Abitibi gold district of Quebec. The Abitibi gold belt runs nearly 300 kilometres from east to west, straddling the Ontario and Quebec border. It hosts several world-class mining districts, which together have produced in excess of 170 million ounces of gold since the early 1900's. These include the Timmins, Kirkland Lake, Rouyn Noranda and Val d-Or mining camps. The company's main and most advanced property is the Marban Block, which hosts an NI 43-101-compliant resource nearing 350,000 ounces of gold.

Marban block



Source: NioGold Mining Corp

Project Description

The Marban Block project is located in the Malartic mining camp, between the Cadillac and Val d'Or camps within the Abitibi gold belt. Gold mines in the Malartic district produced an estimated nine million ounces of gold. Three past producers on the property, namely the Kierens, Norlartic and Marban mines have produced nearly 600,000 ounces of gold and there are three additional known gold deposits.

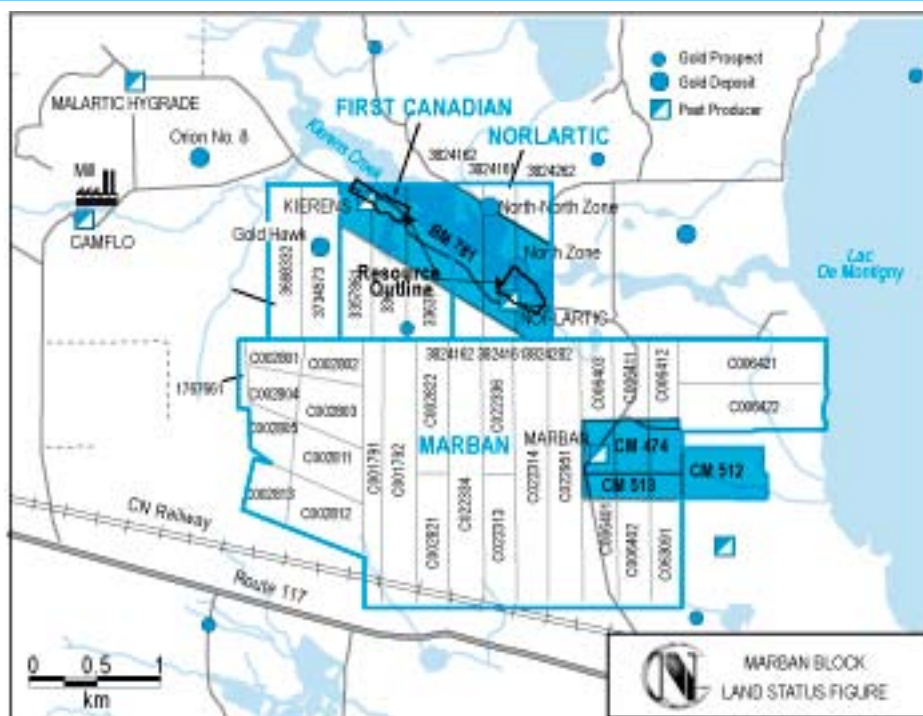
The Marban Block project covers 976 hectares contained in 34 mining claims, one mining lease and three mining concessions. The project is approximately fifteen kilometres northwest from the town of Val d'Or, where the company has its operational office.

Four individual properties comprise the Marban Block project, which NioGold acquired through option agreements with Aur Resources Inc, a company since acquired by Teck Cominco, and Thundermin Resources Inc. Each property is subject to an underlying royalty, as well as a production payment to Teck Cominco should the project proceed to commercial operations.

The largest of the four properties is Marban, which accounts for approximately eighty percent of the Marban Block project area. The Gold Hawk, First Canadian and Norlartic properties lie immediately north of the Marban property, from west to east. The Marban and Norlartic portions of the project derive their names from the historic mines of the same name. The historic Kierens mine lies on the First Canadian property.

The Marban Block project lies in a developed region with excellent infrastructure. The property is immediately north of Highway 117 and just east of Richmond Mines' Camflo mill. An all-weather gravel road extends from the highway to the Norlartic and Kierens mines. The Camflo road also allows access to the western part of the Marban Block project. All required services and supplies are available from the town of Val d'Or.

Marban block land status figure



Source: NioGold Mining Corp

Northwestern Quebec experiences a continental climate with cold, comparatively dry winters and warm, frequently damp summers. Because of the ample infrastructure, weather issues are rarely a problem and mining can occur throughout the year.

The project is subject to several royalty agreements, as summarised in the table below. One-half the royalty payable to Canhorn Mining Corp can be bought back for C\$0.5m. NioGold can purchase one-half of all royalties payable to Teck Cominco through Aur Resources for C\$1.0m. It must also pay Teck a production payment of C\$5m prior to commencing production on the project. NioGold can repurchase one-half the royalty payable to Thundermin for C\$1.0m.

NioGold's royalty agreements

Property	Royalty	Mineral Resources Subject to Royalty
Gold Hawk	2% NSR payable to Thundermin Buy-back clause for one-half the royalty	—
Norlartic	2% NSR payable to Aur Buy-back clause for one-half the royalty	Norlartic
First Canadian	1% NSR payable to Aur Buy-back clause for one-half the royalty	Kierens
	9 2/3% NPI payable to Compressatio Corp.	Kierens
	1/3% NPI payable to Anthony Frank and Peri-Lyne Camisso	Kierens
Marban	1% NSR payable to Canhorn Buy-back clause for one-half the royalty	—
	1% NSR on 50% of production payable to Aur Buy-back clause for one-half the royalty	—
	2-3% NSR on 50% of production payable to Barrick (percentage depends on gold price)	—

Source: NioGold Mining Corp

Geology, Mineralisation and Metallurgy

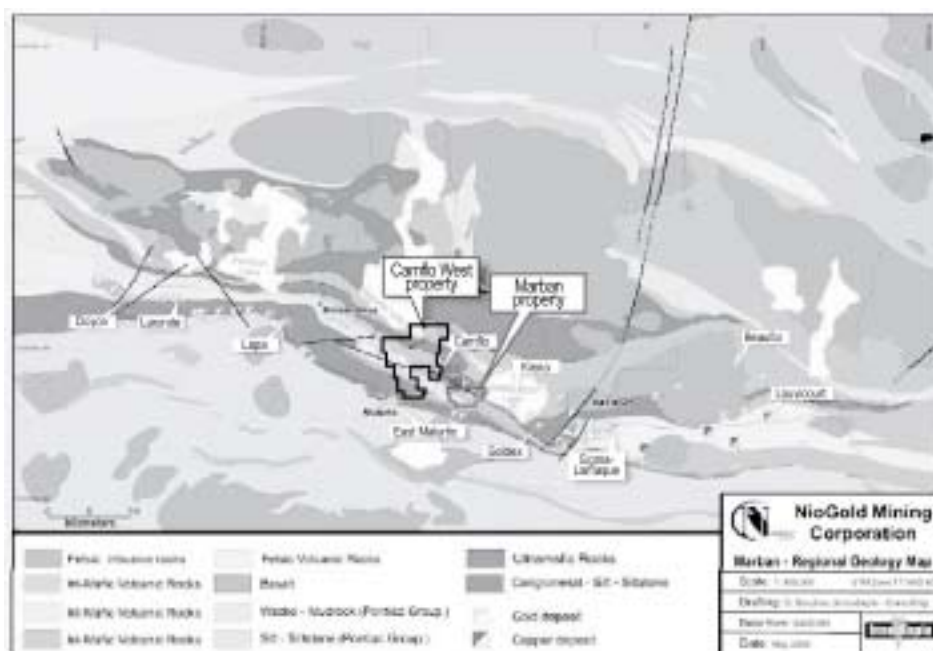
The Marban Block project lies within the Malartic gold district in the Precambrian Canadian Shield. Rocks of the Malartic gold district belong to the Archean Abitibi greenstone belt of the Superior Province. The Abitibi greenstone belt consists of alternating east-trending volcanic-plutonic and sedimentary belts, bounded by crustal-scale faults, with volcanic rocks dating approximately 2.7 billion years old.

The Abitibi belt is divided into two zones, based on different tectonic, plutonic and volcanic histories, the Northern Volcanic Zone (NVZ) and the Southern Volcanic Zone (SVZ). The two zones are separated by the Destor-Porcupinie-Manneville fault, interpreted as marking the collision of two oceanic arcs. The SVZ is composed of several fault-bounded blocks that include komatiitic-tholeiitic volcanic assemblages derived from a mantle plume and tholeiitic to calc-alkaline arc/back-arc assemblages related to a subduction zone.

One of the blocks, the Malartic Composite Block (MCB), hosts the Malartic and Val-d'Or gold districts. The MCB is composed of allochthonous, komatiites to tholeiitic volcanic suites that are interpreted to be derived from volcanic plateaus and volcanic islands juxtaposed during the late Archean. Rocks of intermediate composition are rare. To the south, the MCB is juxtaposed with turbidite sediments of the Pontiac sub-province along the Cadillac Tectonic Zone, thought to mark a second accretion zone.

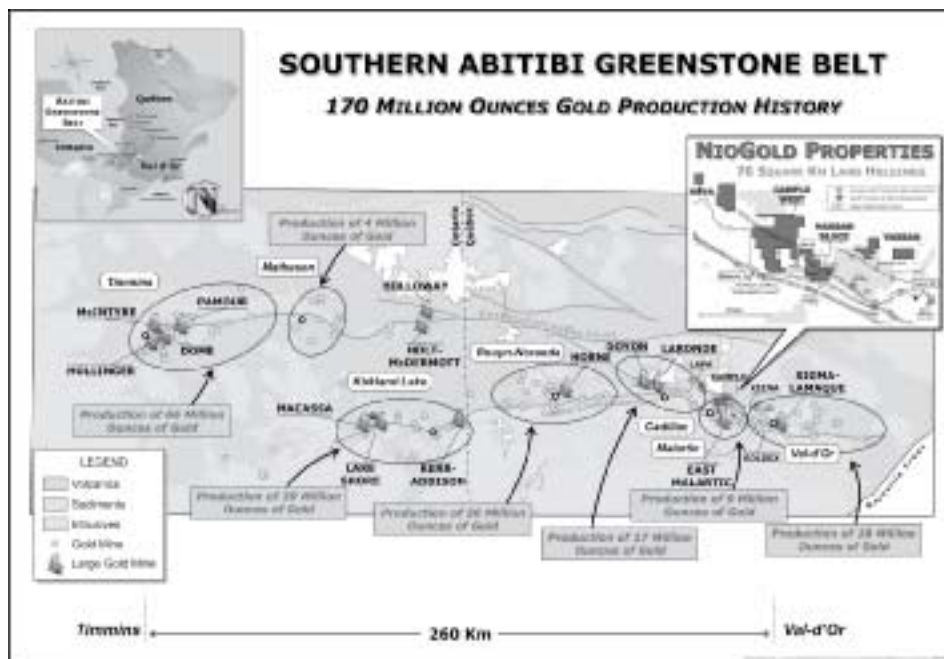
Narrow east- and northwest-trending metasedimentary troughs subsequently developed along the wrench faults responsible for the juxtaposition of the volcanic panels. Proterozoic diabase dikes strike across all the earlier lithologies in north to east-northeast directions. Segments of the dikes have been displaced by late faulting. North-trending dikes are traceable over hundreds of kilometers, and range in thickness from fifteen centimetres to fifty metres.

Marban - regional geology map



Source: NioGold Mining Corp

Southern Abitibi greenstone belt



Source: NioGold Mining Corp

The Abitibi is one of the most gold-rich of the Archean greenstone belts, with a large concentration of lode gold deposits found in the SVZ. Historic production for this segment exceeds 170 million ounces of gold. Major gold camps within the SVZ are primarily localised at flexures along the Destor-Porcupinie-Manneville and Cadillac structural zones.

Several significant gold deposits occur within a 900-metre-wide band of highly sheared and faulted rocks named the Malartic Tectonic Zone (MTZ), which is part of the 300-kilometre-long Cadillac Tectonic Zone. These deposits include the 2.9-million-ounce East Malartic, the 1.2-million-ounce Barnat-Sladen, the 1.1-million-ounce Canadian Malartic and the 1.7-million-ounce Malartic Goldfields deposits.

Two other northwest-striking fault systems, the Norbenite and Marbanite shear zones, are recognised to the north of the MTZ. They are important controls on the localisation of gold within the district, as numerous deposits occur along these zones, including Gold Hawk, Kierens, Norlartic, Marban, Kiena, Shawkie, Wissik, Mine Ecole, and Goldex. Stratigraphic units in the area of the Malartic district generally strike 300 degrees with their contacts usually sheared and faulted.

Volcanic and intrusive rocks of the Jacola Formation dominate the northern portion of the Marban Block project. Two major granodioritic stocks sub-parallel to the stratigraphy occur within the Jacola Formation in this area, the North-North granodiorite and the Central granodiorite. The northern part of the property also hosts three major deformation corridors: the North, Norbenite, and Marban shears.

The Norbenite Shear is an important northwest-trending deformation zone that dips rather steeply to the northeast and localises the Norlartic and Kierens gold resources on the project. The gold mineralisation is closely associated with altered and pyritised intermediate intrusions that cut sheared mafic and ultramafic volcanic rocks.

Gold mineralisation is extensive over the Marban Block. It encompasses six distinct gold deposits, namely the past producing Norlartic, Kierens (First Canadian) and Marban mines and the North-North, North and Gold Hawk Zones.

The Marban mine target is the most southeasterly of the six deposits. It and the Marban NE target, which is approximately 1,200 metres to the northeast, lie on the Marban property. The Norbenite Shear zone contains the Kierens mine, at its northwestern end, and the Malartic mine, at its southeastern end, approximately one kilometre southeast of Kierens. The Norbenite Shear target cuts southeastward across the First Canadian and Norlartic properties.

The North zone lies approximately 200 metres north of the Norlartic mine and the North-North zone is approximately 200 metres farther north, near the northern limit of the project. Both occur on the Norlartic property. The Gold Hawk No. 1 and No. 2 veins lie about 500 metres southwest of the Norbenite Shear zone, running southeastward across the Gold Hawk and First Canadian properties.

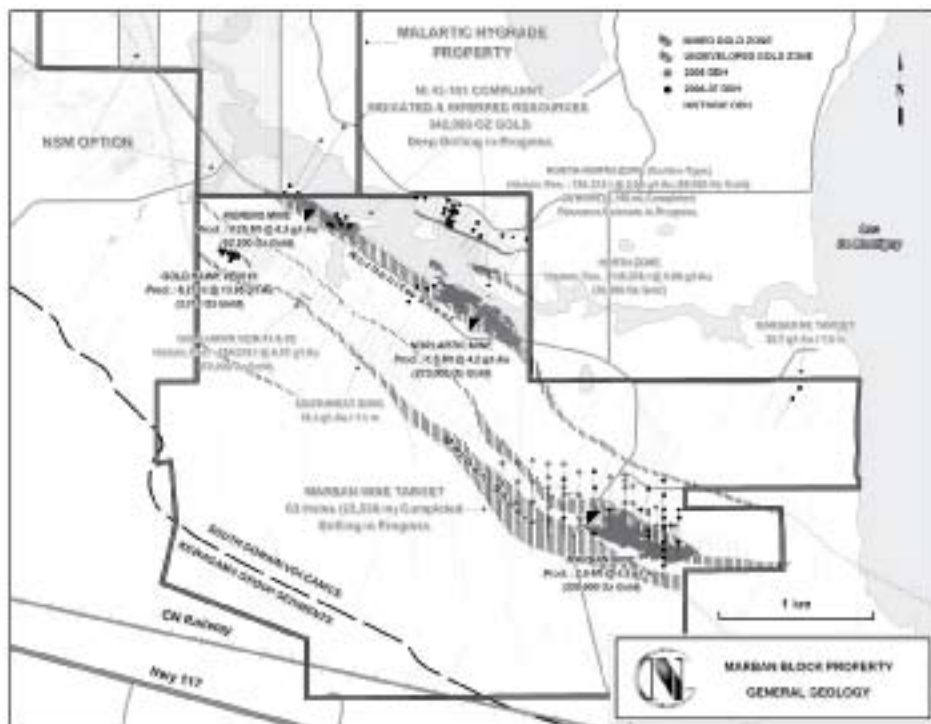
Past production from the Norlartic, Kierens and Marban mines amounted to 592,000 ounces of gold. Small tonnages of high-grade ore were also mined at the North Zone, averaging 16.5 grams of gold per tonne, and at the Gold Hawk Zone, averaging 14.0 grams of gold per tonne. These zones were accessed from the Norlartic and Kierens mines, respectively.

Gold mineralisation in the Malartic district has been classified as mesothermal or late-orogenic lode-type deposits. The mineralisation is associated with regional structural features, such as the Cadillac-Larder Lake tectonic zone, regional drag folds, and structural splays, as well as with late-tectonic intrusive rocks. The different styles of mineralisation range from disseminated-sulfide deposits to quartz-tourmaline gold-bearing stockwork zones, and deposits range from early to late tectonic.

Mineralisation at the Marban mine is not the mesothermal vein-type characteristic of the Malartic and Val-d'Or mining districts, or of the other mineralised zones on the Marban Block. Instead, the Marban Block mineralisation occurs in disseminated replacement-type deposits hosted by tholeiitic-komatiitic volcanic rocks of the Jacola Formation, proximal to the Norbenite-Marbanite shear system. Folding appears to have been important in localising gold concentrations.

Metallurgical information available from operators prior to NioGold is very limited at best. Information from the early 1990s at Kierens indicated gold recoveries ranging from 87.5 percent to 93.7 percent. NioGold has not conducted any metallurgical or mineral processing testing on the Marban Block.

Marban block property general geology



Source: NioGold Mining Corp

History

The Marban Block properties have been the subject of gold exploration for about seventy years. Prior work included mapping, sampling, data compilation, geophysics, trenching and extensive drilling. At least fourteen companies explored or mined the property from 1940 through 1994.

The Marban Block properties saw two phases of gold production. The first occurred during the 1960s, at the Marban and Norlartic mines. The second occurred from the late 1980s into the early 1990s, at Norlartic and Kierens.

The Marban shear and Norlartic Main zone were discovered during the initial drilling, which Norbenite Malartic Mines Ltd undertook in the early 1940s. The company drilled over 100 holes and dug a 165-metre vertical shaft on the property during the 1940s.

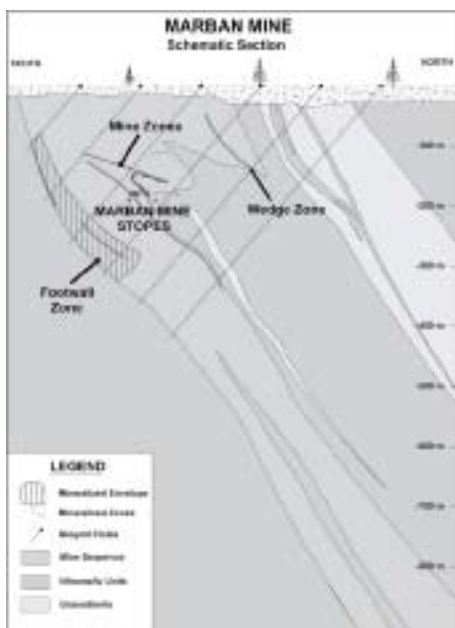
Norlartic Mines Ltd dewatered the shaft and underground workings in the early 1950s and completed a 22,680-tonne bulk sample. Work ceased in 1951 for several years, but the company deepened the shaft to 320 metres in 1959.

Drilling resulted in the discovery of the Kierens zone in the 1960s and Norlartic Mines produced a modest amount of gold from this zone during 1965 and 1966. The company also operated a mine at Norlartic from 1959 to 1966, producing 145,000 ounces of gold and 15,000 ounces of silver.

Meanwhile, Marban Gold Mines Ltd was created in the late 1950s to develop the Marban deposit. The company completed underground development in 1959 and commenced production in 1961. Over the next thirteen years, the small-scale mine produced 330,000 ounces of gold from 2.0 million tonnes of ore.

The property saw limited exploration during the 1970s, but higher gold prices prompted a resumption of exploration in 1979. Additional drilling took place over a several year period, led by Aur Resources and one of its predecessor companies. Aur dewatered and rehabilitated the shaft and underground workings and commenced production at Norlartic and Kierens in the late 1980s. The operation produced a modest amount of gold prior to closing in 1992.

Marban target schematic section



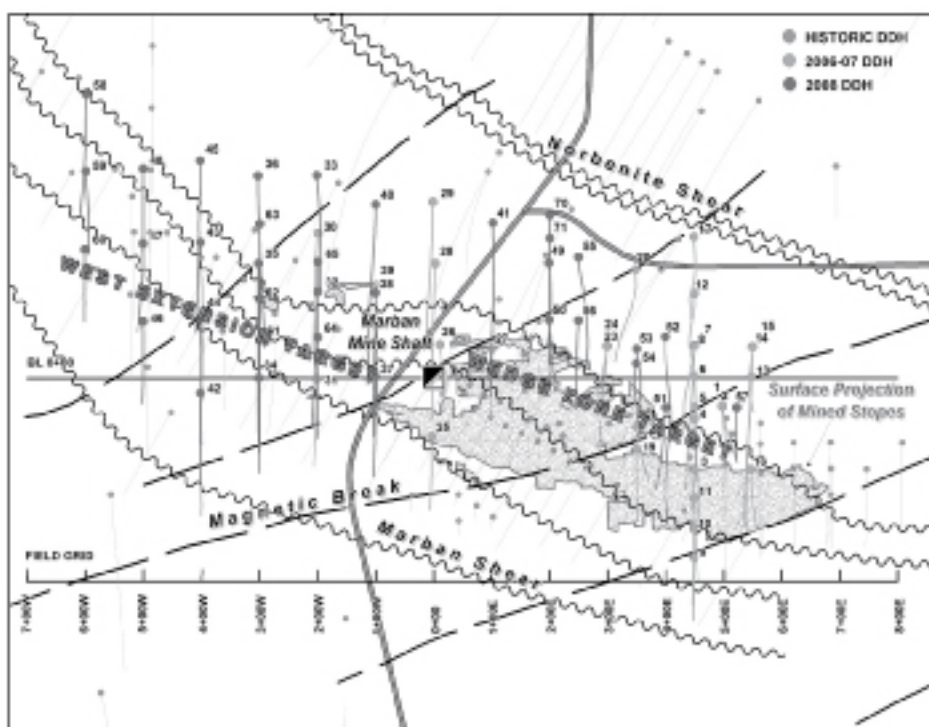
Source: NioGold Mining Corp

Drilling

NioGold acquired the Marban Block project in 2006. The company recompiled the historical data and created a database of the nearly 4,000 drill holes completed over the years. The company flew a high-resolution geophysical survey in the autumn of 2006 and concurrently commenced a drill programme. NioGold drilled 63 holes totaling 10,000 metres by the end of 2006.

In April 2007, NioGold commenced a second phase of drilling on the Marban Block. The company completed 35 holes during the year, totaling 13,113 metres. Drilling is continuing and the company expects the full programme will consist of 40,000 metres, including 25,000 metres scheduled for this year. Through the end of February, NioGold completed an additional eight holes for 2,902 metres.

Marban target surface plan



Source: NioGold Mining Corp

NioGold's focus is on the Marban mine target, where it has drilled approximately 30 holes and 12,000 metres over the past two years, testing a strike length of about 750 metres. A further 10,000 metres of drilling is planned. The company is also focusing on the Norbenite Shear target, which includes the Norlartic and Kierens deposits. NioGold is drilling at depth at this target.

NioGold continues to produce encouraging assays from its drilling. The company found a one-metre interval averaging 20.7 grams of gold per tonne at the Marban NE target. Other assays from the Marban zone include a 3.0-metre interval averaging 9.78 grams of gold per tonne, and the Kierens zone yielded assays as high as 9.85 grams of gold per tonne over 3.1 metres.

Most recently, NioGold recovered promising assays from the Wedge zone, discovered in 2006, which lies near surface, above the stopes at Marban. Values in this area include 10.78 grams of gold per tonne over 4.0 metres and 3.62 grams of gold per tonne over 26.4 metres.

As well, the company encountered elevated gold values at greater depths, in the Footwall structural zone at Marban. Gold values here include assays of 2.40 grams of gold per tonne over 9.0 metres and 7.16 grams of gold per tonne over a 1.1-metre interval.

Assay results received in February for the Marban Mine 2008 holes show best intervals of 4.30 grams of gold per tonne over 13.9 metres, 6.46 grams of gold per tonne over 7.0 metres and 9.19 grams of gold per tonne over 1.2 metres.

The 2007-2008 drilling programme is demonstrating the potential for the Marban gold mineralised system to provide additional resources at relatively shallow depths of less than 500 metres within the Marban Mine sequence.

Resources

In August 2007, Mine Development Associates prepared an updated technical report on the Marban Block property. The report presented the first NI 43-101 resource estimate for the property, based on historic drill data and drilling by NioGold during 2006 and 2007. The resource estimates were based on 820 core holes and 42 shallow reverse circulation holes drilled by past operators, together with 10 core holes drilled by NioGold.

Mine Development Associates reported NI 43-101 compliant indicated resources of 72,000 ounces gold and inferred resources of 270,000 ounces gold at the adjacent Norlartic and Kierens deposits. The resources were based on historical drill holes and NioGold confirmation drill holes.

Mine Development Associates estimated an indicated resource of 845,000 tonnes, averaging 2.66 grams of gold per tonne, and an inferred resource of 3.09 million tonnes, averaging 2.72 grams of gold per tonne. The calculation assumed a cut-off of one gram per tonne to a depth of 200 metres and 2.5 grams per tonne to a depth of 600 metres.

The Kierens deposit contains an estimated resource of 2.06 million tonnes, averaging 3.07 grams of gold per tonne, for 203,000 ounces. The Norlartic deposit contains an estimated 1.87 million tonnes, averaging 2.30 grams of gold per tonne, for 139,000 ounces.

These resources are classified predominantly as inferred because of a relatively simplistic sectional modeling approach. The drill density is sufficient to classify large portions of the inferred resources at higher categories through the use of a more complete resource-modeling technique, but NioGold's check sampling of the historic drill core suggests that the historic data on its own may not allow for the definition of a measured resource.

Outside the Norlartic and Kierens deposits, and within an area measuring two kilometres by one kilometre, the Marban Block holds historical resources of 170,000 ounces of gold that NioGold is evaluating. In 1989, Aur Resources estimated an historical resource of 136,080 tonnes averaging 6.86 grams of gold per tonne, for 30,000 ounces of gold at the North Zone.

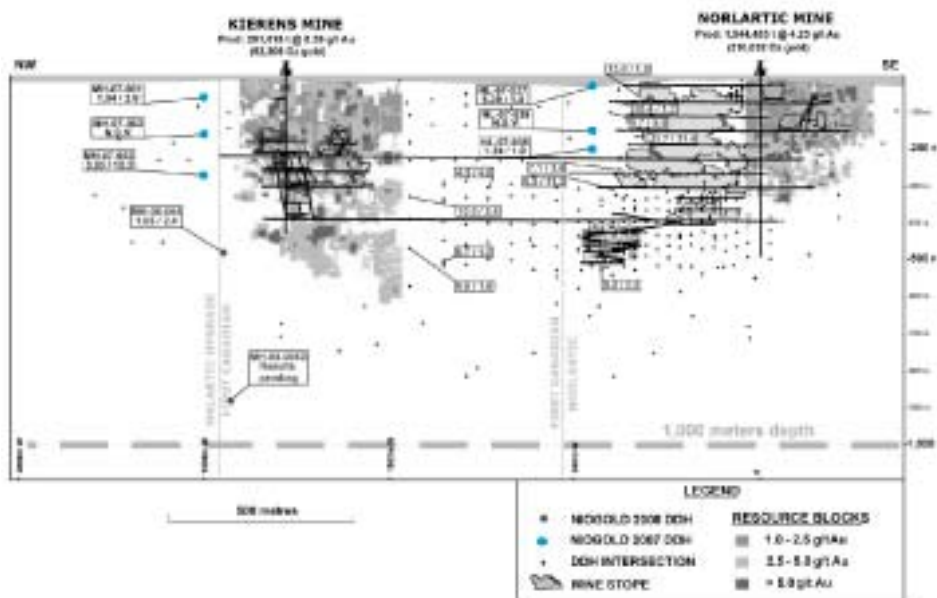
Norlartic and Kierens deposits

indicated and inferred resources

Cut-off Grade by Depth		Total Indicated			Total Inferred		
0-200m	200-600m	Tonnes	g/t Au	oz Au	Tonnes	g/t Au	oz Au
1	—	648,000	2.30	48,000	2,289,000	2.32	171,000
2	—	279,000	3.51	32,000	1,009,000	3.52	114,000
1	2.5	845,000	2.66	72,000	3,092,000	2.72	270,000
2.5	2.5	392,000	3.96	50,000	1,507,000	3.96	192,000
3	3	263,000	4.57	39,000	992,000	4.60	147,000
4	4	108,000	6.21	22,000	407,000	6.29	82,000

Source: Mine Development Associates, June 2007

Norbenite shear longitudinal section



Source: NioGold Mining Corp

Risked mineable resource assumptions

Reserves		Probability	Tonnes (m)
Proven		90%	0.0
Probable		50%	0.0
Total		0%	0.0
Resources	Conversion	Probability	Tonnes (m)
Measured	0%	90%	0.0
Indicated	90%	50%	0.9
Inferred	80%	10%	3.1
Hypothesised	80%	0%	8.1
Total	81%	6%	12.0
Mineable resource			Tonnes (m)
Mineable resource			9.7
Risked mineable resource			Tonnes (m)
Current classification			0.6
<i>Scenarios for exploration success</i>			
- base case			4.8
- optimistic case			7.7
- pessimistic case			3.1

Notes:

- mineable resource have been estimated as reserves plus the portion of resources that would be expected to convert to reserves considering deposit type and likely grade variability
- risked mineable resource refers to the various classes of resource/reserve weighted by their assumed confidence level

Source: Objective Capital

Proforma Marban property profit and loss

Proforma P&L (C\$m)	Year ending August										
	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18
Gross revenues	0.0	0.0	0.0	0.0	76.4	76.0	75.8	75.9	76.3	76.9	35.4
Operating costs	0.0	0.0	0.0	0.0	40.3	41.2	42.2	43.2	44.3	45.3	21.2
Operating profit	0.0	0.0	0.0	0.0	36.1	34.7	33.6	32.7	32.0	31.5	14.2
Depreciation	0.0	0.0	0.0	0.0	10.2	10.3	10.3	10.4	10.5	10.5	4.8
Administrative costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	0.0	0.0	0.0	0.0	25.9	24.4	23.2	22.3	21.5	21.0	9.4
<i>Assumptions</i>											
Capital costs (C\$m)	0.0	0.0	12.5	37.5	2.5	2.5	2.6	2.7	2.7	2.8	1.3
Tonnes ore mined (000's)		0.0	0.0	0.0	1.5	1.5	1.5	1.5	1.5	1.5	0.7
Gold (000 oz)		0	0	0	91	91	91	91	91	91	42
Total operating costs C\$/oz prod	385	395	404	415	425	436	446	458	469	481	493

Source: Objective Capital

Aur estimated a further 254,016 tonnes averaging 8.57 grams of gold per tonne, for 70,000 ounces of gold, in the Gold Hawk Veins No. 1 and No. 2. Further, Aur estimated a historic resource of 754,386 tonnes averaging 2.85 grams of gold per tonne, for 70,000 ounces of gold, at the North-North Zone. These estimates are historical in nature and are not compliant with NI 43-101, and should therefore not be relied upon.

In 2006, NioGold completed 29 confirmation and extension drill holes on the North-North Zone. Golder Associates was contracted to re-estimate the North-North Zone resources compliant with NI 43-101 standards, which will be completed in the first quarter of 2008.

Future exploration

NioGold has a C\$3.0m budget for the Marban Block project in 2008. The company proposes to complete 25,000 metres of drilling employing two drill rigs. The work will concentrate on the Marban mine deposit, and the northeast Marban zone, as well as a deep investigation of the Norbenite Shear zone, at Norlartic and Kierens. As well, tests of the Gold Hawk deposit are scheduled.

One key area selected for drilling this year is the western extent of the mineralised system at the Marban Mine deposit, which received just limited testing in the past. A second priority is at Norlartic and Kierens, where drilling will assess the potential mineralisation to a depth of 1,000 metres.

As well, the company expects to deliver an NI 43-101-compliant resource estimate for the North-North zone and the Marban Mine zone, and commence a scoping study for potential development of the project.

Since the 1940s, nearly all the drilling was confined to depths of less than 300 metres, except along the Kierens and Norlartic Main zones, where dense definition drilling was generally confined to depths of 550 metres. The structurally controlled mesothermal gold systems within the southern Abitibi district generally extend to depths of over 1,000 metres.

This suggests that only one-third of the potential has been tested on the project. The depth extension of the gold system on the Marban Block therefore represents important “blue sky” potential for the project.

Major issues

There are no known environmental issues or existing liabilities for the Marban Block. No milling occurred within the project area during previous periods of production and there are no tailings ponds. All underground openings were cemented in 1993.

NioGold has all appropriate permits and permissions to conduct exploration on the Marban Block, but the company would need to complete extensive environmental investigations and assessments to advance the project to production. Based on sparse existing data and experiences within the region, there do not appear to be any obvious immitigable environmental impediments to exploration and development of the Marban Block.

Data review and QA/QC

In the absence of existing QA/QC data for the historic drill data, NioGold completed a check sampling and assaying programme on representative intervals taken from remaining half-core samples from historic holes in both zones. The weighted averages calculated by NioGold are comparable to the historic means of the composited intervals, but the individual check assays carried out by NioGold are highly variable and with a low bias to the historic assay pairs.

This is to be expected and indicates the nugget effect commonly found in gold deposits. Metallic-sieve data indicate that approximately ten-to-twenty percent of the gold tends to be in the coarse fraction, and this distribution of coarse-fraction gold is present at all gold concentrations.

NioGold compiled existing mining and drilling data and completed 23,000 metres of drilling in 2006 and 2007 that was directed at confirming historical resources, as well as investigating the former Marban mine sector. The work led to the re-estimation of resources of the Norlartic, Kierens and North-North deposits and highlighted strong potential to outline new gold resources within the prospective geological units hosting the Marban mine.

CamFlo West

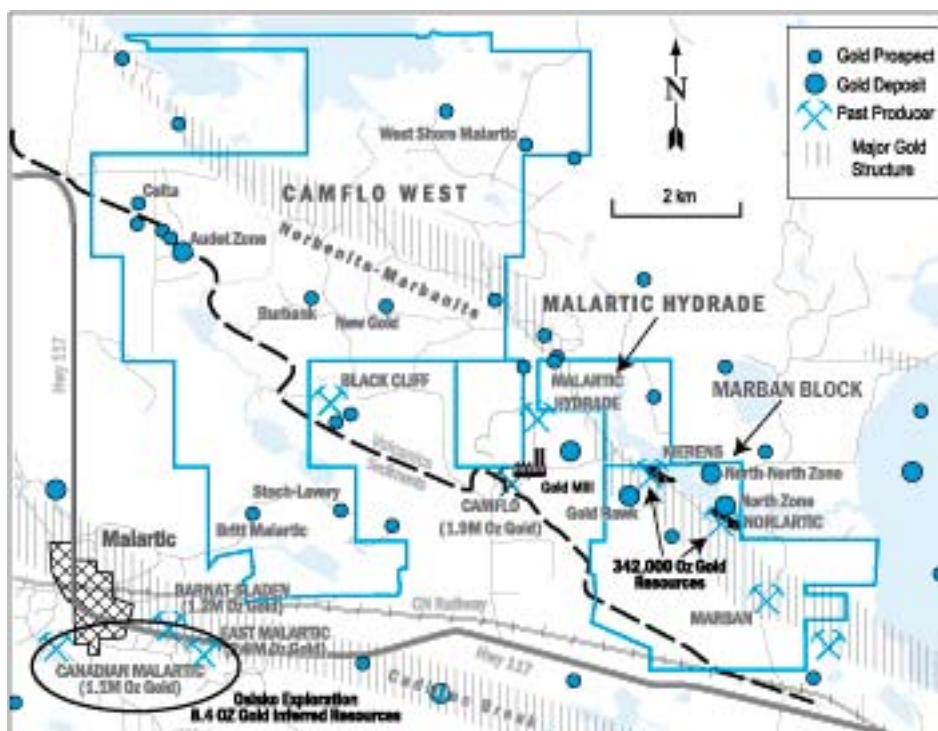
NioGold holds a 100-percent interest in the Camflo West property, which lies three kilometres northwest of the town of Malartic. The property contains 63 contiguous mining claims and spans 3,640 hectares of ground. The project is just northwest of NioGold's Marban Block project.

The Camflo West project lies within the Malartic region, a prolific mining district with historical production of nearly nine million ounces of gold. As noted earlier, the Malartic camp hosts several multi-million ounce deposits, led by the 2.9-million-ounce, past producing East-Malartic deposit and the 1.9-million-ounce Camflo deposit.

Of these historic deposits, East-Malartic, Barnat-Sladen, Canadian-Malartic and Malartic-Goldfields are presently undergoing new resource development by Osisko Exploration and Northern Star Mining.

NioGold's Camflo west property never received systematic exploration as a single claim group due to the fractured nature of past individual land holdings. Earlier explorers did uncover several gold occurrences on the property, including the Audet Zone, with an historical resource of 276,179 tonnes averaging 2.62 grams per tonne of gold. This mineral resource was estimated prior to the implementation of NI 43-101 regulations. It is therefore historical in nature and it should not be relied upon.

CamFlo West property map



Source: NioGold Mining Corp

Several other deposits yielded noteworthy gold assays, including Burbank, at 6.2 grams per tonne of gold over 1.5 metres, and the West Shore Malartic showing, which yielded 9.4 grams of gold per tonne.

The Camflo West property covers a seven-kilometre-long, under-explored stretch of the gold-bearing Norbenite-Marbanite Deformation Zone, which is part of the Larder Lake-Cadillac Deformation Zone, and over five kilometres of the prospective sediment-volcanic contact, host to the proximal intrusive-related past-producing and profitable Camflo mine.

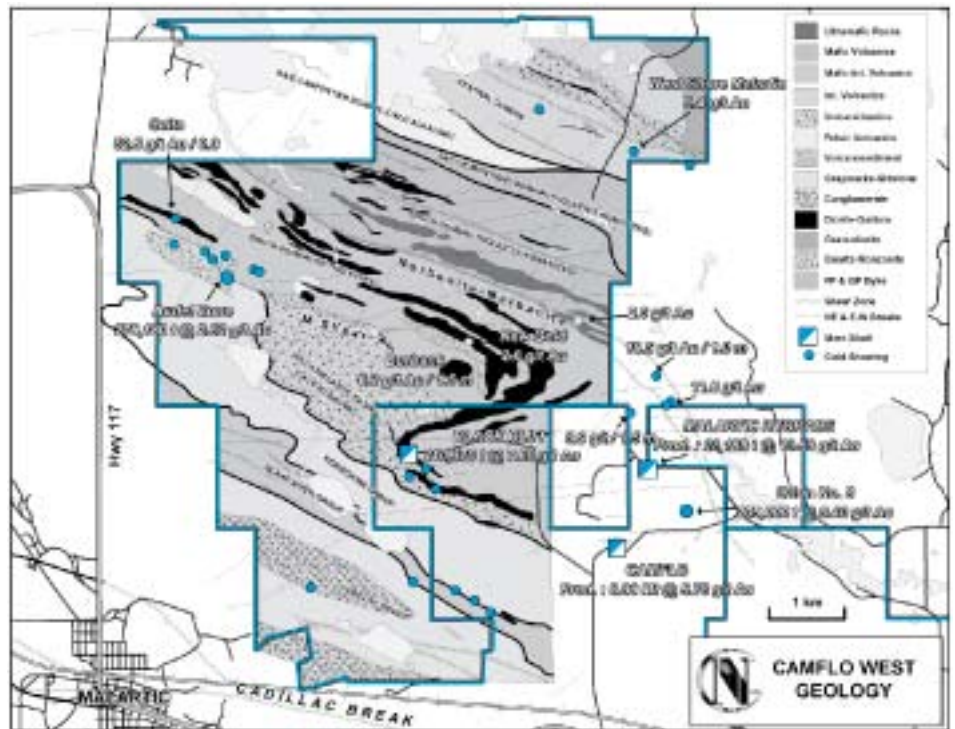
The contact remains largely untested on Camflo West, with only the Audet Zone receiving significant historical drill testing in earlier programmes. Sediment-volcanic contacts are known to host other significant intrusive-related producers such as the nearby East-Malartic and Canadian-Malartic mines, and the Lapa deposit, which lies approximately ten kilometres to the east. Lapa hosts reserves and resources of 5.9 million tonnes averaging 9.2 grams of gold per tonne, for 1.7 million ounces of gold. Agnico-Eagle Mines is presently developing Lapa.

The main gold showings on Camflo West lie along and immediately south of the same Norbanite-Marbanite structure that hosts the gold deposits on the Marban Block and elsewhere in the region. The Audet Zone is on the western most portion of the Camflo West property, approximately ten kilometres northwest of the Marban Mine deposits. Burbank is about two kilometres southeast of Audet. The West Shore showing is north of the structure, about seven kilometres east-northeast of Audet.

Drilling commenced on the property as early as the mid-1940s, but most programmes were of a limited nature. The discovery hole into the Audet zone was completed in 1974, but the only significant drilling took place during the late 1980s, when Abitibi Metal Mines Ltd drilled 133 holes from 1985 to 1987. Assays from those holes lead to the calculation of the historical resource estimate at Audet.

During the first half of 2006, NioGold completed geophysical surveys and drilled eleven widely spaced holes for a total of 3,300 metres, testing the sediment-volcanic contact. The drilling uncovered high-level intrusives and significant alteration comparable with those associated with gold mineralisation in the Malartic camp. Values of up to 9.08 grams of gold per tonne over 1.2 m were returned from the drilling.

CamFlo West gold showing map



Source: NioGold Mining Corp

NioGold has budgeted for a C\$500,000 exploration programme for 2008. The company proposes prospecting, geochemical sampling, geophysical surveys, as well as trenching and approximately 2,000 metres of drilling.

The exploration targets include the seven-kilometre-long stretch of the Norbenite-Marbanite structure, the five-kilometre folded volcanic-sediment contact zone, as well as the Burbank shear vein and West Shore gold showings, which produced encouraging gold values.

During January and February NioGold completed 2,097 metres of drilling in two holes on the Malartic Hygrade property, which lies between Camflo West and the Marban Block project. Early assay results showed a best interval of 1.65 grams of gold per tonne over 2.4 metres. The company is commencing a mechanical stripping programme on Camflo West.

Our valuation of Camflo West is based on the latest book value as of 1 March 2008, pending further exploration success.

Pump Lake

NioGold has an option to acquire a 100-percent interest in the Pump Lake project from Ressources Maxima. The property lies approximately 200 kilometres southeast of Val d'Or and 50 kilometres north of the Mt. Laurier uranium district. The company considers the Pump Lake project to be favourable for copper, gold and uranium.

The Pump Lake property is an early stage project that displays characteristics comparable with the iron oxide-copper-gold (IOCG) class of mineral deposits. Such deposits are typically huge, intrusive-related polymetallic systems with tonnages ranging from 100 million tonnes to over one billion tonnes, containing ores with iron, copper, gold, silver, uranium, niobium and rare earth elements.

Examples of such deposits include the Olympic Dam and Cloncurry projects in Australia, the Candelaria deposit in Chile, Salobo on Brazil and Sweden's Kiruna district.

Prospecting by Ressources Maxima during the past two years resulted in the discovery of several copper-gold-silver, magnetite, and uranium occurrences. These finds are associated with an alkaline intrusive complex recently uncovered by regional mapping conducted by Quebec's Ministry of Natural Resources.

NioGold completed a high-resolution airborne geophysical survey and a regional soil sampling geochemical survey on the Pump Lake property during the spring of 2007. A summer and autumn field programme provided encouraging results offering further confirmation of the presence of an IOCG-type mineralised system over the project area.

Fieldwork also resulted in the discovery of a radioactive intrusive dyke swarm presently traced over a strike extent of 2,300 metres. The company found the intrusives and surrounding rocks to be enriched in uranium, niobium and rare earth elements with significant values of up to 0.2 percent uranium oxide (U₃O₈), 1.20 percent niobium oxide (Nb₂O₅) and 0.69 percent combined rare earth elements, all obtained from surface rock chip samples.

NioGold completed mechanical stripping and blasting of six uranium and iron oxide prospects during the autumn and 120 channel and rock blast samples were collected. Results are pending.

NioGold proposes spending C\$450,000 during 2008 on the Pump Lake property. The programme includes prospecting, a gravity survey and mechanical trenching.

Our valuation of Pump Lake is based on the latest book value as of 1 March 2008, pending further exploration success.

Financials

Profit & Loss						
Year ending August (C\$m)	2007A	2008E	2009E	2010E	2011E	2012E
Revenues	—	—	—	—	—	75.4
COGS	—	—	—	—	—	(40.3)
Gross profits	—	—	—	—	—	35.2
Administrative Costs	(1.2)	(1.1)	(1.2)	(1.2)	(1.3)	(1.3)
EBITDA	(1.2)	(1.1)	(1.2)	(1.2)	(1.3)	33.8
Depreciation & amortisation	0.0	0.0	0.0	0.0	0.0	(13.1)
EBIT	(1.2)	(1.1)	(1.1)	(1.2)	(1.2)	20.7
Interest	—	0.2	0.2	(0.1)	(1.4)	(1.8)
EBT	(1.2)	(0.9)	(0.9)	(1.3)	(2.7)	18.9
Tax paid	—	—	0.3	0.4	0.8	(5.7)
Earnings	(1.2)	(0.9)	(0.6)	(0.9)	(1.9)	13.2
Dividends	—	—	—	—	—	—
Retained earnings	(1.2)	(0.9)	(0.6)	(0.9)	(1.9)	13.2

Cashflow statement						
Year ending August (C\$m)	2007A	2008E	2009E	2010E	2011E	2012E
EBIT	(1.2)	(1.1)	(1.1)	(1.2)	(1.2)	20.7
Depreciation	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	13.1
Stock-based Compensation	0.6	0.1	0.2	0.3	0.2	0.2
Gains & Writedowns	(0.0)	—	—	—	—	—
(Increase) decrease in receivables	0.1	—	—	—	—	(11.3)
(Increase) decrease in inventory	(0.0)	—	—	—	—	(4.8)
Increase (decrease) in payables	(0.0)	—	—	—	—	6.0
Net cash from Ops	(0.5)	(1.0)	(1.0)	(0.9)	(1.1)	24.0
Tax paid	—	—	0.3	0.4	0.8	(5.7)
Dividends	—	—	—	—	—	—
Net interest recieved (paid)	0.2	0.3	0.2	(0.1)	(1.4)	(1.8)
New equity	9.7	—	3.0	3.0	15.0	—
New (deposits) borrowings	—	—	—	10.0	20.0	(10.0)
Capital expenditure	(2.7)	(3.0)	—	(12.5)	(37.5)	(2.5)
Net cash from financing	7.2	(2.7)	3.5	0.8	(3.1)	(20.0)
Net increase (decrease) in cash	6.7	(3.7)	2.6	(0.1)	(4.2)	4.0

Balance sheet						
Year ending August (C\$m)	2007A	2008E	2009E	2010E	2011E	2012E
Fixed assets at NAV	6.5	9.5	9.5	22.1	59.6	48.9
Cash	8.8	4.9	7.2	6.8	2.4	6.1
Receivables	0.2	0.2	0.2	0.2	0.2	11.5
Inventory	0.2	0.2	0.2	0.2	0.2	5.0
<i>Less Payables</i>	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(6.3)
Net current assets	8.9	5.0	7.3	6.9	2.5	16.3
Less loans	—	—	—	(10.0)	(30.0)	(20.0)
Capital employed	15.3	14.5	16.8	18.9	32.1	45.3
<i>Represented by</i>						
Shares in issue	23.8	23.8	26.8	29.8	44.8	44.8
Add retained profit						
Prior periods	(7.3)	(8.5)	(9.3)	(9.9)	(10.8)	(12.7)
This period	(1.2)	(0.9)	(0.6)	(0.9)	(1.9)	13.2
Shareholders' funds	15.4	14.5	16.9	19.0	32.1	45.3

Source: Objective Capital

APPENDIX: MANAGEMENT

Michael Iverson – President and Chief Executive Officer

Michael Iverson has been a director of NioGold Mining and its predecessor companies since 1998 and he has been president and chief executive officer of the company continuously since February of 2006. He has been president and a director of Triple K Ventures Ltd since 1975. He has also served as president and a director of R.P.F. Custom Wood Fibre Ltd since 1985. In November 1997, Mr Iverson joined Sasha Ventures Ltd., serving as president and a director. In addition to these positions, Mr Iverson served as chairman, director and the chief executive officer of Fortuna Silver Mines from 1998 to December 2004. He remains with Fortuna as a director.

Rock Lefrançois, P.Geo. – Vice-President & Director

Rock Lefrançois has over twenty years of experience in the search for 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 served primarily as the senior geologist for Cambior and Aur Resources. The Quebec-based Mr Lefrançois joined the company in 2005 and was appointed to its board of directors in March 2006.

Arden (Buck) Morrow, B.Sc. – Technical Advisor, Corporate Development & Director

Buck Morrow is a graduate mining engineer from the Mackay School of Mines at the University of Nevada, Reno. A Colorado resident, he has over thirty years of experience in mineral exploration, mine development, and mine operations, in North America, South America, Asia, and Europe. From 1980 to 2001, he was the President of Western States Minerals Corporation, which, under his direction, discovered and brought into production some of Nevada's most significant gold deposits including Barrick's Goldstrike mine. Since 2001, Mr Morrow has worked as a consultant in gold exploration, mine development, and mine financing. Mr Morrow is the president of Northland Resources Inc and he became a director of NioGold in May 2006.

Michele N. Marrandino – Director

Michele Marrandino is president of Pacific West Mercantile Corp and he joined the board of directors of NioGold in February 2007. He brings twenty years of experience in fund raising and management consulting to NioGold's board of directors. Mr Marrandino has been applying his diverse knowledge, experience and contacts in the oil & gas, mining and hi-tech sectors, both private and public to assist many companies in reaching their potential and desired mandates.

Toby Lim – Director

Mr Lim has been an associate lawyer with the British Columbia law firm, Anfield Sujir Kennedy & Durno since 1998. He previously served as a director of NioGold from November of 2005 to May 2006. Mr Lim was nominated to the board of NioGold again in 2008.

We are pleased to bring you this report on **NioGold Mining Corp.**



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As always, I welcome your comments and feedback on our research!

Gabriel Didham, CFA
Objective Capital

Will Purcell

Will has been involved in the resource sector for 30 years in a variety of roles. Since the late 1990s, he has been active in assessed mineral resource investment projects. Will has a B. Math degree from the University of Waterloo in Ontario.

About our relationship with NioGold Mining Corp

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