

QuickNote

NIGHTHAWK GOLD

June 20, 2012

NHK-TSXV \$0.22**Rating: STRONG BUY****Target Price: \$1.80****Market Capitalization (Basic): \$27.2 million****METALS & MINING****Michael Starogiannis** – Analyst
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Demonstrating High Grade Shoots at Colomac

EVENT

- Nighthawk Gold (formerly Merc International Minerals (TSXV:MRK)) announced assay results from its Colomac property in the Northwest Territories.
- Highlights include ([see map](#)):
 - Zone 2 - Hole C12-001B: **1.36 g/tonne gold over 128 metres, including 2.04 g/t gold over 71.85 metres, 2.81 g/t gold over 46.15 metres, and 6.83 g/t gold over 8.65 metres**
 - Zone 3 - Hole C12-005: **1.67 g/t gold over 56.25 metres, including 3.37 g/t gold over 16.50 metres and 5.25 g/t gold over 7.50 metres.**

Summer drilling program

- Two drills have been operating on site since May with the goal of expanding the resource and exploring for high grade gold shoots. 11,000 metres of drilling are budgeted for 2012. The company will test Zones 3.0, 2.5, and 1.5 along strike and down plunge and will seek to expand Zones 3.5 along strike and below the current resource model. It will also try to link it to Zones 3.0 and 2.5.

Zone 2.0

- Through drilling the company suggests that the shoot is plunging 70 degree northward, which matches most other known mineralization systems at Indin Lake Gold. The company has also identified higher grade shoots that plunges below the Zone 2.0 pit and remains open at depth, which it says could represent a new resource opportunity.

Zone 3.5

- The company confirmed a plunging mineralized shoot within Zone 3.5 that was previously discovered by Royal Oak Mines. The company followed up the drilling along strike and encountered the same structurally controlled mineralization. It plans to follow up drilling after surface work to confirm this new high grade gold system.

DISCUSSION & RECOMMENDATION

- **This current phase of drilling is confirming results by previous operators and demonstrating the existence of high grade shoots within the broader mineralised corridor which occurs on a frequent and periodic basis. These shoots will serve the company well in lifting the grade of the overall resource and improving future economics.**

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- We expect confirmatory drilling to increase the average grade at Colomac over time. We believe that just the Colomac claim group has the near term potential for a doubling of this current resource, to about 3 million potential ounces of gold, while the balance of the Indin Lake claim group has the potential to demonstrate 1.5 million ounces over the same time frame.
 - **We continue to be highly encouraged by this company's prospects.** We remind investors that this brownfield site has proven itself very adequately in both its ability to build robust resources and to produce at over 100,000 per annum on a regular basis.
 - **We reiterate our Strong Buy and target price of \$1.80 per share which is based off of 3.7 million ounces attributed to the company.**

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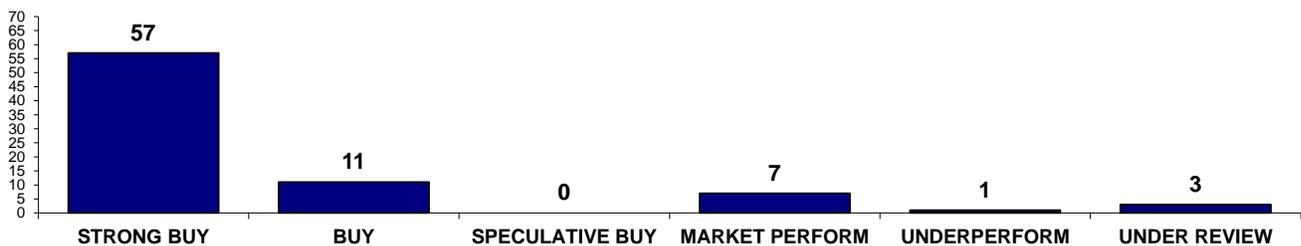
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The analyst who prepared this report has visited the material operations of NIGHTHAWK GOLD and Fraser Mackenzie paid for part of the costs of the visit.