NEW MILLENNIUM
CAPITAL CORP.

ANNUAL REPORT 2010

1303 Greene Avenue, 2nd Floor
Montreal, Quebec, Canada
H3Z 2A7

Tel.: (514) 935-3204
Fax: (514) 935-9650

NEW MILLENNIUM
CAPITAL CORP.

NML
www.nmlresources.com

LETTER TO SHAREHOLDERS

Robert Martin
President and Chief Executive Officer

Dear Shareholder,

New Millennium was founded eight years ago with the vision of developing several significant mining assets on the Millennium Range in Eastern Quebec and Labrador. During 2010, we came closer to this goal.

Some 2010 highlights include:

- The completion of a positive feasibility study on the 64.1 million tonne reserve Direct Shipping Ore ("DSO") project in March.
- The conclusion of our first Impact and Benefit Agreement ("IBA") with the Naskapi Nation of Kawawachikamach in June.
- The announcement of a positive DSO investment decision by Tata Steel in September.
- The formation of a joint venture company by Tata Steel and NML to advance the DSO Project in October.

Subsequently during Q1, 2011:

- The environmental approval and project release by the Government of Newfoundland and Labrador for the Phase 1 of the DSO Project in January.
- The execution of a binding heads of agreement ("HOA") with Tata Steel for the development of the Taconite Project in March.

The Direct Shipping Ore Project.

In 2010, Tata Steel made a positive decision to fund construction of our Direct Shipping Ore Project in Labrador through Tata Steel Minerals Canada Ltd. (TSMC).

The DSO Project is expected to start production in Q3, 2012. using a very conservative price of iron ore representing less than 40% of Q2 2011 current price, based on the feasibility study results, this project is expected to generate for NML approximately C$ 11 million of net cash flow on average annually, net of taxes. This is a respectable return, especially considering that our total investment is only expected to be in the order of $10-$20 million after funding 20% of the capital expenditure over $300 million.

During 2010, NML acquired additional land claims to consolidate its DSO Goodwood property. As a result, our total measured and indicated resources increased from 67.1 million tonnes to 72.2 million tonnes. In addition, we also have the potential to further increase DSO resources following an airborne gravity survey undertaken in 2010. This work identified the presence of about 50 DSO anomalies. Follow-up activities will be carried out by TSMC in 2011 to develop a detailed exploration program.

Management's key focus in 2010 was to advance the DSO Project to the construction phase and to continue outstanding environmental, IBA, Port and rail tariffs – all of which are proceeding to our satisfaction.

Looking forward, New Millennium's prime objective is to assist TSMC with the detailed engineering, procurement and construction activities related to the DSO Project. We are also working to conclude outstanding rail and port tariff agreements and IBAs with the concerned First Nations.

The Taconite Project

The Taconite Project is the real company builder. In early March, 2011, after several months of negotiations, NML concluded an agreement with Tata Steel to jointly develop the larger nine billion tonnes Taconite Project. This includes both the Kémag and Labmag deposits. The agreement has positioned the company to become one of the largest iron ore mining companies – indeed, one of the largest general mining companies - in Canada. Based on the pre-feasibility study and and again using a very conservative price of iron ore products representing less than 40% of the Q2 2011 pellet price, the project is expected, subject to a positive feasibility study and financing and assuming the Taconite HOA terms, to generate for NML approximately C$128 million of net cash flow annually on average, net of taxes.

With an estimated capital cost of $4.85 billion, the Taconite Project has the potential to become the largest mining project ever built in Canada. The enormity of the Project is further underscored by the fact that it is estimated to hold sufficient resources to have a mine life of more than 100 years at a rate of 22 million tonnes per year of production.

A project team has been formed to undertake the Taconite Project Feasibility Study. In accordance with our HOA, a project completion schedule has been developed with milestones identifying various critical achievements that would lead to the completion of the study. The feasibility engineering work is currently in progress and is expected to be completed by December 2012.

Developing Additional Taconite Resources

The corporation also has the possibility of discovering additional taconite resources in the gigantic taconite belt called the Millennium Iron Range (MIR) which is more than 200 km long. Based on the airborne magnetometer survey conducted in 2011, a number of magnetic anomalies have been identified, some of which will be drilled this year.

Now that our two major projects are clearly on a production path, we have the opportunity to further develop the potential of our vast landholdings. We will undertake a major drilling program this year to evaluate the resource potential of two taconite anomalies, both of which are 100% owned by NML, in the MIR. Based on the results of the airborne magnetometer survey, two targets have been selected for an accelerated drilling program, one in Québec and other one in Labrador. Our aim is to identify additional ore deposits which could be certified in accordance with NI 43-101 regulations. Among major global entities, there is considerable interest in iron ore properties in Canada because of its stable business environment, availability of relatively low-cost power and ample supply of water. Once we have established the potential of these deposits, we will seek the best possible options to develop the resources in a manner that would maximize benefits for our shareholders.

Market Commentary

World crude steel production rebounded in 2010, increasing by 15% over 2009's level to a new record of 1.4 million metric tons. Recovery was broadly based as steelmakers in the EU, North America, Japan and Korea experienced double digit growth in production from 2009's low base, while China's output reached 627 million metric tons, accounting for just under 45% of global crude steel production, despite the impact of government restrictions on energy use.

The improved steel market conditions, coupled with delays to the introduction of new iron ore supply, tightened the iron ore market. In addition, after being applied inconsistently in 2009, the traditional annual benchmark pricing system for iron ore gave way to shorter term landed pricing arrangements and the three major iron ore producers now employ a quarterly pricing system. Furthermore, various financial instruments and derivatives are now available for hedging purposes to both buyers and sellers.

Iron ore pricing was volatile in the first half of 2010, reaching a record daily high in April of $187 per metric ton CFR North China for 62% Fe fines. Later, it fell to a low of $118 per metric ton in July when the situation then reversed , exacerbated by falling exports from India, the world's third largest exporter. Following the July low, prices climbed back to around $170 per tonne by year end. Prices reached a record high of $192 per tonne in February 2011 and have stayed in a range between $170 and $180 per tonne since then.

These extremely high prices by historical measures have made it a very rewarding time for iron ore producers and the question remains how long this price environment can be sustained. Many analysts are projecting that an oversupply situation could develop by 2014-15. On the other hand, despite many announcements, new production has been hindered by ever rising costs, infrastructure constraints, environmental regulation and social hurdles which is why the market tightness is expected to continue in the short to medium term.

The tremendous potential of NML was recognized by the capital markets in 2010. Our stock increased 285% compared to an average of 202% for the NML's peer group. We have also witnessed a substantial increase in share ownership by major global institutional investors.

Conclusion

This is my last annual general meeting as I will be stepping down as President, CEO and Director of New Millennium on June 30. I am grateful for the support received from all of you during my tenure. I am leaving the company in good hands with Dean Journeaux as President and CEO and a strong team of employees to support him. When I started the Company I had a vision that the enormous resources of the Labrador Trough would enable us to develop one of the largest iron ore companies in Canada. Today, we are on the cusp of becoming an iron ore producer and a step closer to that vision.

This is why we have decided to adopt a new name, New Millennium Iron Corp. to build a new identity for the company. Although I am removing myself from the day to day running of the Company, I am very excited about the development of our projects with our Partner, Tata Steel. As we continue to advance our projects, the market will more and more recognize the enormous value that we possess. I personally plan to remain involved with the Company's future activities as Chairman of the Strategic Advisory Committee to the Board of Directors.

I would like to thank all of our employees for their hard work and dedication as we move into the next phase of development at New Millennium. We are growing rapidly, and we could not do this without our great team of motivated and enthusiastic employees.

We are confident of a bright future for our Company and for our shareholders.

Yours truly,
New Millennium Capital Corp.

(signed) "*Robert A. Martin*"

Robert A. Martin
President and Chief Executive Officer
Montreal, May 6, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Consolidated Financial Statements for the year ended December 31, 2010
(Containing information as at April 25, 2011, except as indicated)

DATED April 25, 2011

Reference is made to the audited Consolidated Financial Statements of New Millennium Capital Corp. ("**NML**" or the "**Company**") for the year ended December 31, 2010 ("**FYE 2010**") and the year ended December 31, 2009 ("**FYE 2009**"), upon which the following discussion is based. The Consolidated Financial Statements and the notes thereto, have been prepared in accordance with generally accepted accounting principles ("**GAAP**") in Canada.

All dollar figures are in Canadian dollars ("C$"), unless otherwise stated.

FORWARD LOOKING STATEMENTS

This MD&A includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in this MD&A and include statements regarding our intent, or the beliefs or current expectations of NML's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. The Company has based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause NML's actual results to differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, the reader is cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Material risk factors which could cause actual results to differ materially include those disclosed in NML's Annual Information Form dated April 25, 2011 which is filed on SEDAR at www.sedar.com. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to *describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.*

OVERALL PERFORMANCE

OVERVIEW OF BUSINESS

The Company controls the emerging Millennium Iron Range, located in the Province of Newfoundland and Labrador and in the Province of Quebec, which holds one of the world's largest undeveloped magnetic iron ore deposits. In the same area, the Company is also advancing to near term production its Direct Shipping Ore ("DSO") Project.

Tata Steel Global Minerals Holdings Pte Ltd. ("Tata Steel"), one of the top 10 steel producers of the world, owns 27.1% of New Millennium and is the Company's largest shareholder and strategic partner.

On September 14, 2010, Tata Steel exercised its exclusive option to participate in the DSO Project and made a commitment to take the resulting production. On March 6, 2011, Tata Steel also exercised its exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Project and the KéMag Project.

The Millennium Iron Range currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred resources at an average grade of 29.3% Fe; KéMag contains 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred resources at an average grade of 31.2% Fe.

NML's DSO project contains 64.1 million tonnes of Proven and Probable Mineral Reserves at an average grade of 58.8% Fe, 8.1 million tonnes of Measured and Indicated Mineral Resources at an average grade of 58.8% Fe, 7.2 million tonnes of Inferred Resources at an average grade of 56.8% Fe and about 40.0 - 45.0 million tonnes of historical resources that are not currently in compliance with NI 43-101.

RESULTS OF OPERATIONS

GENERAL CORPORATE INFORMATION

Board changes

On April 14, 2010, NML announced that Mr. Partha Sengupta of Tata Steel Limited, Mumbai, India, had been appointed a director of NML and that Mr. Arun Baijal had resigned from the Board.

On October 13, 2010, NML announced that Mr. H.M. Nerurkar, Managing Director of Tata Steel Limited, Mumbai, India, had been appointed a Director of NML.

Private placement

On May 17, 2010, NML announced that it had entered into a letter of intent with Tata Steel pursuant to which Tata Steel has indicated its intention to consider a subscription for 14,285,714 common shares of the Company at a subscription price of $1.40 per share for an aggregate subscription price of $20,000,000.

On June 4, 2010, NML announced completion of the private placement whereby Tata Steel then held an aggregate of 40,429,270 common shares, representing approximately 27.4% of the outstanding common shares of the Company.

The net proceeds of the offering were used to advance outstanding DSO agreements and environmental work; initiate gravity and magnetic airborne geophysical surveys and for general corporate and working capital purposes.

Exploration

Completion of the first phase of the Airborne Gravity Gradiometer and Magnetometer Survey

On November 3, 2010, NML announced the completion of the first phase of the Airborne Gravity Gradiometer and High Sensitivity Magnetometer survey, conducted by Fugro Airborne Surveys Corp. at Schefferville, Québec.

The preliminary interpretation of the data indicated several strong gravity anomalies associated with low magnetic values. These occur in the iron formation and trend in a north-westerly direction over a length of approximately 50 km from near Schefferville to beyond the large Goodwood deposit. All of the anomalies are located on NML's 100% owned claims and licences in Québec and Newfoundland and Labrador. High gravity anomalies associated with low magnetism are favourable targets for locating DSO deposits.

The second phase of the survey, an airborne magnetometer survey over the claims and licences covering magnetic taconite formations was completed in November. The LabMag and KéMag taconite deposits occur in this belt, which is called the Millennium Iron Range. Follow-up ground work is planned for the summer season of 2011 over both DSO and taconite claims.

Disposal of Asset Backed Commercial Paper

On June 17, 2010, the Company disposed of its asset backed notes (Notes) for proceeds of $2,840,244. These Notes were issued by Master Asset Vehicle II (MAV2) as a result of the restructuring of the Company's previous investment in Third Party Asset Backed Commercial Paper. As at June 16, 2010, the Notes had a face value of $4,405,792 (2009 - $4,407,581), and a fair value of $2,846,734 (December 31, 2009 – $2,680,519), resulting in the Company recognizing a loss on disposal of $6,490 and an increase in fair value of $168,000 (2009 - $460,000) for the year ended December 31, 2010.

The fair value of the Notes as at December 31, 2009 and June 16, 2010, were determined based on management's judgment using available information and assumptions market participants would use in pricing such notes at the valuation dates. The Company reviewed information provided by Dominion Bond Rating Service and BlackRock, the administrator of MAV2, including current and anticipated credit ratings, composition and valuation estimates of the underlying assets and general economic conditions in considering the fair value of the investments.

The details of the Company's long-term investments at December 31, 2009 were as follows:

Notes	Face Value ($)	Maturity Date (i)	Required Yield (ii)	Fair Value December 31, 2009 $
MAV2				
A-1	2,937,825	January 22, 2017	9.75%	1,943,784
A-2	738,574	January 22, 2017	12.75%	402,645
B	134,072	January 22, 2017	33.00%	17,904
C	118,086	January 22, 2017	50.00%	6,745
IA Tracking Notes				
Class 15	479,024	December 20, 2013	15.00%	309,441
Total	4,407,581			2,680,519

(i) The legal maturity dates for the MAV2 A-1, A-2, B and C Notes are in July 2056 but for valuation purposes a maturity date of January 2017 was used based upon the maturities of the underlying assets.

(ii) The estimated yield to maturity required by prospective investors.

DEVELOPMENT OF DSO PROJECT

Signing of an agreement with the Sept-Iles Port Authority

On February 6, 2010, NML announced the signing of an agreement with the Sept-Iles Port Authority (“SIPA”) for the shipment of iron ore products from its DSO properties over the SIPA owned dock at Pointe Noire (Sept-Iles), Quebec. The Port of Sept-Iles operates year round and is the largest shipper of iron ore products in North America.

The agreement ensures that New Millennium will have the right to export its products over the SIPA owned dock at Sept-Iles at competitive and established long term wharfage rates. The Company's expectation is to start production in 2012 reaching shipments of 4 million tonnes per year by 2013, subject to regulatory approvals, advanced engineering, procurement and construction.

Positive DSO Feasibility Study results and upgrade of mineral resources to reserves

On February 25, 2010, NML announced the results of the Feasibility Study (“FS”) to develop a project to mine its 100% owned DSO properties. The Study updated the earlier Pre-feasibility Study which was completed on March 4, 2009. The update was done by NML with contributions and review by others, including Met-Chem, with expertise critical to some aspects of the Project.

The highlights of the DSO project FS were as follows:

- Production assumption of 4 million tonnes per year (“mtpy”) of sinter fines and super fines.
- Proven and Probable Mineral Reserves of 64.1 million tonnes (“mt”).
- Variable stripping ratio, from mine to mine, with an average of 1.03 over the life of the mines.
- Total initial capital cost of US$ 300 million and working capital of about US$ 13.5 million.
- Internal rate of return of 29% (unleveraged and before corporate taxes and mining taxes).
- Payback of 3 years after the start of commercial production.
- Direct jobs creation of about 200 at the mine, wash plant and administrative areas.
  Anticipated start of commercial production is Q3, 2011; however, this was updated as at May 20, 2010 to Q3, 2012.

Official notification to Tata Steel

On March 17, 2010, following joint discussions with Tata Steel, official notification was given to Tata Steel by NML, triggering the commencement of Tata Steel's 180-day option period in which to make an investment decision with respect to participation in the DSO Project.

Filing of technical report on DSO Feasibility Study

On April 13, 2010, NML announced the filing on SEDAR of the technical report summarizing the results of the Feasibility Study of its 100% owned DSO Project located near Schefferville, Quebec.

Impact and Benefit Agreement

On June 10, 2010, NML and NNK announced that they had signed an IBA. The "life of mine" agreement was signed in Montreal by Chief Louis Einish and Robert Martin.

NNK represents the community of Kawawachikamach located near Schefferville, Quebec. This First Nation has been a long standing partner supporting NML's quest to develop vast iron ore resources in the region.

The agreement with NNK is the first of four such agreements that are in the process of being concluded. Negotiations with three other affected First Nations, namely Nation Innu Matimekush-Lac-John, Innu Takuaikan Uashat mak Mani Utenam, both of Quebec and the Innu Nation from Labrador are currently in progress with the Federal, Quebec, Newfoundland and Labrador governments and NML.

Award of railway tariff

On June 21, 2010, NML announced that the CTA had made a confidential award regarding a railway tariff to be charged to NML on the 216 mile iron ore haul over the QNS&L from Emeril Junction to Arnaud Junction near Sept-Iles. This tariff was effective until April 5, 2011. NML intends to negotiate a tariff for the coming years.

This decision by the CTA provides NML with reasonable rates and conditions for the movement of its iron ore traffic over the QNS&L and a greater degree of certainty in determining its overall cost to deliver iron ore products into ships at the Port of Sept-Iles.

Consolidation of Goodwood property and increase of DSO resource estimate

On June 22, 2010, NML acquired an additional mineral claim to consolidate its DSO Goodwood property. The purchase price for the mineral claim was $497,500. This was paid by a cash payment in the amount of $7,500 and the issuance of 350,000 common shares of NML at a deemed price of $1.40 per share amounting to $490,000 in aggregate. The registration and rights to the Goodwood property was transferred to NML on June 22, 2010, however the 350,000 common shares were only issued on July 8, 2010.

As a result, NML now owns 100% of the Goodwood property. Based on extensive drilling undertaken in 2008, SGS Geostat Ltd has increased the mineral resource estimate for Goodwood by 5.12 million tonnes (Measured + Indicated).

Court challenge by QNS&L of rail tariff arbitration award

On July 23, 2010, NML announced that QNS&L had filed an application in the Federal Court of Canada seeking judicial review of the decision of the arbitrator in the railway tariff final offer arbitration proceedings between NML and QNS&L.

QNS&L is wholly owned by the Iron Ore Company of Canada.

The judicial review application seeks, among other relief, a declaration that the final offer arbitration provisions of the enabling legislation for the arbitration proceedings are inoperative, being in contravention of the Canadian Bill of Rights and a declaration setting aside the arbitrator's decision.

Signature of an Agreement with Quebec Innu to eliminate blockade and restart IBA negotiations

On September 3, 2010, NML announced that it had reached an agreement with the Innu Matimekush-Lake-John ("NIMLJ") First Nation for the immediate removal of the barricades that were blocking access to NML's property and for the formal recommencement of negotiations of a detailed IBA for the DSO Project in the Schefferville area.

After the agreement was negotiated by NML, together with Labrador Iron Mines Holdings Limited ("LIM") and the Band Council, it was presented to and approved by the members of the community during a public meeting. The joint NML-LIM agreement is comprised of contributions towards education, health, youth programs, traditional activities and the improvement of a community facility. It also provided free passage to NML's employees and permitted the continuation of key environmental studies, hydrological studies and airborne gravity and magnetic surveys which were suspended following the installation of the blockade in early June.

This agreement was reached following the recent helpful involvement of the governments of Canada, Newfoundland and Labrador, and Quebec and their respective commitments to settle certain issues concerning the land claims of the Innu.

Positive DSO investment decision by Tata Steel thereby exercising its option to acquire an 80% interest in NML's Schefferville DSO Project

On September 14, 2010, NML announced that Tata Steel had made a positive investment decision by exercising its option to acquire an 80% interest in the Corporation's DSO Project.

As part of the Joint Venture Agreement ("JVA"), NML will be paid for 80% of NML's cost to date on the DSO Project; Tata Steel will arrange funding for up to CDN $300 million of capital costs for the Project to earn its 80% share of the Joint Venture, and commit to take 100% of the DSO project's iron ore products of specified quality, at world market prices, for the life of the mining operation. It is expected that the Joint Venture will begin operations in 2012 and that once it is at full capacity it is expected to produce 4 million dry tonnes per year of iron ore products.

Establishment of a JVC with Tata Steel to advance the DSO Project

On October 26, 2010, NML announced that in accordance with the terms of the JVA signed on November 6, 2009, with Tata Steel, the JVC had been incorporated.

The JVC, named Tata Steel Minerals Canada Ltd ("TSMC"), will acquire all of the DSO mining claims and related assets, carry out detailed engineering and construction of facilities, and will be responsible for the operations of the DSO Project. At closing, Tata Steel will own 80% of the JVC and NML the remaining 20%. NML will receive payment equal to 80% of the DSO Project costs incurred to closing.

In accordance with the JVA, Tata Steel has appointed four Directors to the JVC Board:

Mr. Partha Sengupta: Vice President, Raw Materials, Tata Steel, and a Director of NML.
Mr. Rajesh Sharma: Executive In Charge, Southern Africa, Tata Steel.
Mr. Dinesh Shastri: General Manager, Global Mineral Resources, Tata Steel.
Mr. Sandip Biswas: Group Head Corporate Finance and Treasury, Tata Steel.

NML has appointed one Director, being Mr. Roy Hudson, currently Secretary and a Director of NML.

DEVELOPMENT OF TACONITE PROJECTS

Engagement of financial advisors with respect to the commercial development of the LabMag and KéMag properties

On December 7, 2010, NML announced the engagement of CITIC Securities Company Limited ("CITIC Securities") and Jennings Capital Inc. ("Jennings Capital") as its joint financial advisors with respect to the commercial development of its LabMag and KéMag properties.

CITIC Securities is the largest investment bank in China and Jennings Capital is a leading Canadian resource focused investment bank. Their financial advice will help NML determine the optimal strategy to advance the development of the Taconite Projects.

Discussions with Tata Steel regarding an extension of Tata Steel's exclusivity period

On December 31, 2010, NML announced that it had, in conjunction with its financial advisors, Jennings Capital and CITIC Securities, been in discussions with Tata Steel regarding an extension of Tata Steel's exclusivity period to enter into a binding agreement with respect to development of NML's taconite projects.

SUBSEQUENT EVENTS

TACONITE PROJECTS

Extensions to Tata Steel's exclusivity regarding the LabMag and KéMag projects

On January 4, 2011, NML and Tata Steel mutually agreed to extend the exclusivity period from December 31, 2010 to February 28, 2011. To facilitate the extension, Tata Steel committed to pay NML a facilitation fee of $600,000.

On February 28, 2011, NML and Tata Steel mutually agreed to extend the exclusivity period from February 28 to March 7, 2011.

Binding Heads of Agreement

On March 6, 2011, NML announced that it had signed a binding heads of agreement (the "Binding HOA") with Tata Steel to develop the LabMag and KéMag iron ore deposits, known collectively as the Taconite Project. The remainder of the Millennium Iron Range would be retained by NML.

Under the Binding HOA, Tata Steel would participate in the development of a feasibility study (FS) of the Taconite Project and contribute towards 64% of the costs related thereto. The parties would enter into a binding joint venture agreement upon the successful completion of the FS and Tata Steel electing to develop one or both of the deposits. After formation of the joint venture, NML would be expected to hold a 36% equity interest in the Taconite Project, including a 20% free carry equity interest. In addition, NML would have a 4% right of first refusal on future equity sales by Tata Steel to increase its equity interest to a maximum of 40%.

Tata Steel would arrange the required equity portion of the financing (excluding NML's optional equity interest) based on a maximum capital expenditure of up to $4.85 billion if both deposits were developed and up to $4.68 billion and up to $3.76 billion respectively, if only the KéMag or LabMag deposit was developed. Arranging debt financing for the project would be the responsibility of Tata Steel.

Under the Binding HOA:

- NML and Tata Steel would jointly oversee and supervise the preparation of the FS for the Taconite Project. Tata Steel and NML would fund 64% and 36% respectively of the cost of the FS, estimated at $ 50 million.
- The FS would be compliant with the standards of disclosure of mineral projects as stated in National Instrument 43-101 and expected to be completed within 21 months of its initiation. The FS would serve as the basis to secure financing for the Taconite Project.
- Upon conclusion of the FS, Tata Steel would have a maximum of four months to make an investment decision. A positive investment decision could involve the development of either one or both of the deposits. NML would transfer such deposit(s) along with the property and other related rights to such deposit(s) to the JVE (defined below). If Tata Steel elected to develop only one of the two deposits, NML would retain the property and related rights in respect of the remaining deposit.

The Binding HOA further provided that following a positive investment decision:

- Tata Steel would reimburse NML 64% of the estimated $30 million in expenses that were incurred by NML on the Taconite Project up to the execution of the Binding HOA. The $600,000 facilitation fee that Tata Steel paid to NML in exchange for the Taconite Project exclusivity extension from December 31, 2010 to February 28, 2011, would be credited to the payment.
- Tata Steel and NML would form a joint venture enterprise ("JVE") to hold the Taconite Project, where Tata Steel and NML would hold shares in the ratio of 80% and 20% respectively, the latter being the free carry interest of NML.
- Tata Steel would arrange the required equity portion of the financing (excluding NML's optional equity interest) based on a maximum capital expenditure of up to $4.85 billion if both deposits were developed and up to $4.68 billion and up to $3.76 billion respectively, if only the KéMag or LabMag deposit was developed.
- Within 60 days of Tata Steel's positive investment decision, NML would also have an option to acquire up to an additional 16% paid equity, thereby bringing its total equity in the JVE from 20% to up to 36%. This additional 16% equity would obligate NML to contribute proportionate equity funding to the JVE.
- Arranging debt financing for the project would be the responsibility of Tata Steel.
- Should Tata Steel exercise its right to invite third-party investors into the project, NML would have the right of first refusal to acquire an additional 4% of paid equity, thereby increasing its ownership in the project to a maximum of 40%.
- The parties would have an offtake right on the production in proportion to their ownership interest in the JVE.

DSO PROJECT

Environmental approval and Project release by the Government of Newfoundland and Labrador for the DSO Project

On January 5, 2011, NML received environmental approval and project release, subject to a number of customary terms and conditions, from the Government of Newfoundland and Labrador ("GNL") following the approval of the Company's Environmental Impact Statement ("EIS") for Phase 1 of the DSO Project.

The release will allow completion of the permitting process required to start construction this summer and the expected commencement of iron ore production by the third quarter of 2012. Phase 1 of mining operations includes the Timmins 3N, Timmins 4, Timmins 7 and Fleming 7N deposits in Newfoundland and Labrador.

The Canadian Environmental Assessment Agency has also completed its review of the Project. The work done by the various Federal Agencies has confirmed that there are no triggers for a federal level environmental assessment. It has therefore been determined that a federal level Canadian Environmental Assessment is not required.

NML submitted, in September 2010, an EIS to the Government of Quebec for Phase 2 of the DSO Project. This review process is also well advanced with approval expected in the fourth quarter of 2011. Phase 2 of mining operations includes the Goodwood, Sunny 1, Kivivic 3 S and Leroy 1 deposits in Quebec.

The DSO project will generate important social benefits for the Province of Newfoundland and Labrador, especially Labrador West, and for such Aboriginal corporations as the Tshiuetin Rail Transportation Inc. and Air Inuit. It will also provide significant benefits for the Province of Quebec and the affected aboriginal communities in both provinces. Phase 1 of the DSO Project is expected to ensure a high quality captive source of raw material for Tata Steel.

On March 24, 2011, NML received project release, subject to a number of customary terms and conditions, from GNL for the Joan Lake area of the DSO Project.

Joan Lake is part of Phase 2 of the DSO Project. The release will allow completion of the permitting process required to start mining Phase 2 of the DSO Project, scheduled to begin in 2013, of the Kivivic 1, 2, 3N, 4, 5 and the Timmins 8 deposits.

It will also be possible to proceed with the construction of the Labrador portion of the road connecting the processing complex at the Timmins area to the Phase 2 mines.

The Canadian Environmental Assessment Agency has confirmed that the Joan Lake Project will not trigger a federal impact assessment.

Exploration

On January 31, 2011, NML announced that its geophysical consultant had completed the final interpretation of the Airborne Gravity and Magnetometer survey that was first reported on November 3, 2010. This survey was conducted . at Schefferville, Quebec between September 14 and November 11, 2010. The survey covered all of NML's taconite and DSO properties. In total 8,979 line kilometres were flown.

The survey results have provided NML with new drill targets, many of which are in close proximity to where DSO production will commence. The data which consists of over 50 prospective DSO targets has been delivered to TSMC for development of a follow-up program this summer. Several taconite targets have also been identified that could potentially rival NML's LabMag and KéMag deposits. Several of these targets are expected to be investigated in 2011.

The detailed interpretation indicates the presence of more than 50 strong gravity anomalies associated with low magnetic values. These anomalies are located in a north-westerly trending iron formation from Schefferville to Goodwood and further northward over a length of approximately 50 km. All these anomalies are located on TMSC's 100% owned claims and licences in Quebec ("QC") and Newfoundland and Labrador ("NL"). At the south end of the survey area, a group of 13 anomalies are outlined within a radius of 5 km of the proposed Timmins processing Plant location. The first phase of mining of DSO will start in 2012 in this area.

A second group of 10 anomalies occurs within a radius of 5 km of the Goodwood-Kivivic, near the north end of the surveyed area, where over 80% of all currently known resources occur. The second phase of mining in the DSO Project is expected to commence in this location. Between Timmins and Goodwood over a length of 19 km, 20 anomalies are outlined over the iron formation bands. Beyond Goodwood-Kivivic, over a length of 12 km, 11 anomalies are identified. High gravity anomalies associated with low magnetism are favourable targets for locating DSO deposits.

The interpretation of the airborne high sensitivity magnetometer survey data conducted over the Millennium Iron Range in QC and NL covering magnetic taconite formations has also been completed. Several magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits are outlined in the north and south sections of these deposits. In NL, five anomalies, one to the north and four to the south of the LabMag deposit were identified. In QC, five anomalies to the north of the KéMag deposit were outlined. All these anomalous zones have the potential to host sizable magnetic taconite deposits. Several of these anomalies are located on claims that are 100% owned by NML. A NML ground follow-up program is planned for 2011.

GENERAL CORPORATE INFORMATION

Bought Deal Financing

On February 2, 2011, NML announced that it had entered into an agreement with Jennings Capital and Credit Suisse Securities (Canada), Inc. ("Credit Suisse") (collectively, the "Underwriters") pursuant to which the Underwriters agreed to purchase from NML, on a "bought deal" basis, an aggregate of 14,285,715 common shares ("Common Share") at a price of $3.50 per Common Share for gross proceeds to NML of $50 million.

On February 3, 2011, NML announced that it had agreed with the Underwriters to increase the base size of the previously announced offering to an aggregate of 15,714,286 common shares of the Company on a "bought deal" basis at a price of C$3.50 per share for aggregate gross proceeds of approximately C$55 million. New Millennium also agreed to grant the underwriters an over-allotment to purchase an additional 15% of the offering, exercisable for 30 days following the closing of the offering to cover over-allotments and for market stabilization purposes.

On February 18, 2011, NML announced that Tata Steel had exercised its pre-emptive right to maintain its pro-rata interest in the Company, in connection with the bought deal. As a result, Tata Steel committed to subscribe for 5,860,832 common shares and up to 879,124 common shares in the event the underwriters' overallotment option was exercised in full, in each case at the issue price of $3.50 per share.

On February 28, 2011, NML announced that it had completed its bought deal public offering of common shares. In addition to the 15,714,286 common shares the underwriters initially agreed to purchase, the Underwriters, which included CIBC World Markets Inc. and Haywood Securities Inc., purchased 2,357,143 common shares pursuant to their exercise in full of the over-allotment option for aggregate gross proceeds of the offering to NML of approximately $63.25 million. In addition, Tata Steel purchased 6,739,956 common shares of NML under its existing pre-emptive right at $3.50 per share for gross proceeds to NML of $23,589,846, such that Tata Steel's interest in NML remained at approximately 27.2% of the total shares outstanding immediately following closing.

The Corporation has started using the net proceeds of the offering for the feasibility study in respect of its Taconite Project and for working capital purposes.

Issuance of common shares in settlement of certain legal fees

On March 11, 2011, NML announced that in connection with the confidential award regarding a railway tariff to be charged to NML previously announced on June 21, 2010, it had issued an aggregate of 212,306 common shares at a deemed price of $0.96 per share in settlement of certain legal fees incurred in connection with the arbitration. The agreement to pay the fees by way of a share issuance was based on the Corporation receiving an arbitral award. On June 18, 2010, the arbitrator made the award in respect of the proceedings and the final amount of the fees was determined. The deemed price per share was calculated as agreed between the parties based on the weighted average trading price of the common shares for the 5 day period prior to the date of the arbitrator's award.

President and CEO Robert Martin hands over management of Company to Dean Journeaux effective July 1, 2011

On April 20, 2011, Robert Martin informed the Board of Directors that he will be stepping down from his role as President, Chief Executive Officer and Director of the Corporation, effective July

1st, 2011. NML announced that Dean Journeaux, currently a Director and Chief Operating Officer, will become President and Chief Executive Officer of the Corporation, effective on the same date. Mr. Martin will remain associated with the Corporation as Chairman of the Strategic Advisory Committee of the Board of Directors, also effective July 1st, 2011, which will report to the Board in respect of long term strategies for the growth and development of NML's business.

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the Audited Consolidated Financial Statements ("financial statements") set forth herein. As discussed in Note 1 to the financial statements, they are prepared in accordance with Canadian GAAP applicable to a going concern.

The Audited Consolidated Balance Sheet as of December 31, 2010 indicates cash and cash equivalents of $12,002,984, term deposits of $3,674,699, sales taxes, other receivable and prepaid expenses of $1,045,687 and the current portion of tax credits and mining duties receivable of $3,223,842 resulting in total current assets of $19,947,212, an increase of $8,184,706 from December 31, 2009. The long-term assets are comprised of mineral properties held for sale of $22,060,670, mineral properties of $31,192,830, property and equipment of $186,933, advances on contracts of $505,500 and the long term portion of tax credits and mining duties receivable of $198,136. The total assets are $74,091,281 which is an increase of $15,925,163 from December 31, 2009.

Current liabilities at December 31, 2010 are composed of accounts payables and accrued liabilities of $5,181,237, with no long-term liabilities, for total liabilities of $5,181,237, an increase of $3,761,313 from December 31, 2009. Shareholders' equity of $68,910,044 increased by $12,163,850 from December 31, 2009, and is comprised of capital stock of $85,754,874, capital stock to be issued of $203,813, non-controlling interest of $475,000 and contributed surplus of $5,319,477 less the deficit of $22,843,120.

Working capital at December 31, 2010 of $14,765,975 is an increase of $4,112,392 from December 31, 2009.

The increase in working capital is mainly due to the proceeds remaining from the May 17, 2010 private placement with Tata Steel that was invested in cash and cash equivalents and treasury bills. Tata Steel acquired 14,285,714 common shares from treasury at $1.40 per share for gross proceeds of $20,000,000 resulting in an increase in shareholders' equity. The Company used these proceeds and its cash and cash equivalents to pay its accounts payable, fund its operations and the continuing exploration and development of its mineral properties. The cash and cash equivalents and treasury bills and term deposits represent the funds that remain from the 2010 Tata Steel private placement, subsequent issuances of common shares and the sale of the long-term investment in Q2 and will continue to be used to pay for current liabilities, finalize outstanding DSO agreements and environmental work, initiate gravity and magnetic airborne geophysical surveys, and pay future corporate operating expenses. During the year, there was $9,875,027 of capitalized mineral property expenditures, net of Québec tax credits and mining duties, that were mainly related to the feasibility and post-feasibility work on the DSO project. As at December 31, 2010, the future income tax assets, which arose as a result of applying the capital losses and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to uncertainty regarding their utilization.

For the FYE 2010, the net loss attributable to the Company's shareholders was $8,863,202, or $0.06 per share, compared to a net loss of $2,308,263 or $0.02 per share in 2009. This loss represents operating expenses of $9,415,803 (2009 - $3,581,375), net of investment income of $80,090 (2009 - $140,286), future income taxes recovery of $311,001 (2009- $672,826), loss on sale of long-term investments of $6,490 (2009 – Nil) and an increase in fair value of long-term investments of $168,000 (2009 –$460,000). The increase in net loss when compared to the same period in 2009 is mainly due to the $6,059,000 of professional fees that were incurred when Tata Steel exercised their option on the DSO properties.

The Corporation expects to continue incurring operating losses until it is operating, or has an investment in, a revenue-producing mine. These losses are expected to be funded by working capital and then, if necessary, through equity financing or investments by strategic partners.

All costs associated with mineral properties, totalling $53,253,500 as outlined in Note 10 to the December 31, 2010 financial statements, have been classified as mineral properties. The expenditures are divided between the properties as follows: DSO Properties $22,060,670, LabMag Property $21,643,444, KéMag Property $8,392,819 and Other Properties $1,165,567. The cost centers for these capitalized expenditures are: mineral licenses $4,180,248, resource evaluation $22,143,025, drilling $18,786,565, environmental $13,817,499, amortization of property and equipment of $39,895 and other $274,715. These expenditures are partially offset by tax credits and mining duties of $5,988,447. The non-controlling interest of $475,000 relates to the LabMag Property. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results achieved by the Company. At December 31, 2010, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

ASSET HELD FOR SALE

The Company classifies the DSO Properties as an asset held for sale, as on March 17, 2010, the Company officially notified Tata Steel that the DSO Properties' Feasibility Study had been approved and delivered to Tata Steel pursuant to the terms of the joint venture agreement. This triggered the commencement of Tata Steel's 180 day option period on the DSO Properties. On September 13, 2010, Tata Steel exercised the option to acquire an 80% equity interest in the DSO Properties and will be paying the Company 80% of the Company's costs incurred to the closing date to advance the DSO Properties. All the DSO Properties were contemplated to be transferred to a new company owned 80% by Tata Steel and 20% by NML. Tata Steel will arrange funding of the capital costs of DSO Project up to $300 million and will commit to purchase, at world market prices, 100% of the DSO's iron ore production meeting certain quality specifications for the life of the mining operation.

The new company, Tata Steel Minerals Canada Ltd., was incorporated on October 26, 2010 and Tata Steel and NML are in the process of completing the steps necessary to finalize the transfer of the DSO properties which is expected to be completed before May 15, 2011.

ANNUAL INFORMATION

The following table shows selected annual information for the Company derived from the Company's Financial Statements for the last three completed financial years.

Item	December 31, 2010	December 31, 2009	December 31, 2008
Investment income	80,090	140,286	283,919
Net loss	(8,863,202)	(2,308,263)	(4,949,225)
Loss per share [(1)]	(0.06)	(0.02)	(0.05)
Total assets	74,091,281	58,166,118	62,528,822
Long-term liabilities	0	311,001	983,827
Dividends	Nil	Nil	Nil

[(1)] The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended December 31, 2010. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars.

	Dec-10	**Sept-10**	**Jun-10**	**Mar-10**	**Dec-09**	**Sept-09**	**Jun-09**	**Mar-09**
Investment Income	52,228	18,893	4,736	4,233	28,049	12,500	53,783	45,954
Net Income (Loss)	(1,040,872)	(6,565,782)	(674,159)	(582,389)	181,780	(572,040)	(269,792)	(1,648,211)
Income (Loss) Per Share (1)	(0.01)	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.

FOURTH QUARTER RESULTS

For the three-month period ended December 31, 2010, general and administrative expenses, market development and professional fees and other expenses were $1,093,099 compared to $563,945 in 2009. The most significant items affecting the fourth quarter's net loss are professional fees of $393,214 compared to $169,217 in 2009, market development expenses of $122,455 compared to $20,506 in 2009 and office and administrative expenses of $636,395 compared to $329,260 in 2009. The increase in professional fees is due to $129,111 of professional fees incurred that related to the sale of DSO properties upon Tata Steel's exercise of their option. The increase in market development expenses is mainly due to increased emphasis on developing and finding strategic partners for the KéMag and LabMag projects and the increase in office and administrative expenses is due to the overall increased volume of activity in NML and a specific increase in contributions made totalling $98,192 to the First Nations. As a result NML's net income for the fourth quarter ended December 31, 2010 totalled $1,040,872 or $0.01 per share compared to a net loss of $181,780 or $0.00 per share for the comparative period in 2009.

MILESTONES AND BUSINESS OBJECTIVES

2010 Milestones

1. DSO feasibility study completed in Q1, 2010.
2. IBA with NNK and arbitrated rail tariff with QNS&L in Q2, 2010.
3. DSO investment decision by Tata Steel in Q3, 2010.
4. DSO joint venture company formed with Tata Steel in Q4, 2010.
5. Agreement with Tata Steel on the terms of a development plan for the Taconite Project in Q4, 2010.

2011 Business Objectives

1. The completion of the Taconite Projects Heads of Agreement with Tata Steel in Q1, 2011.
2. The commencement of DSO project construction in Q2, 2011.
3. The completion of rail & port tariffs, impact and benefit agreements by Q3, 2010.
4. The completion of a drilling program of two taconite anomalies to advance to the resource evaluation stage in Q4, 2011.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recently adopted and amended standards

Please refer to Note 2 of the December 31, 2010 financial statements for an extended description of the changes in accounting policies since December 31, 2009.

FUTURE ACCOUNTING CHANGES

Certain new primary sources of Canadian generally accepted accounting principles (standards) have been published, but are not yet in effect. The Company has not early adopted any of these standards. The new standards that could potentially impact the Company's financial statements are detailed as follows:

International financial reporting standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises will be required to transition from Canadian GAAP to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim and annual financial reporting purposes for fiscal years beginning on or after January 1, 2011 with comparative information. Therefore, the Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on January 1, 2011. The transition to IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The IASB continues to amend and add to current IFRS standards. The Company's conversion process includes monitoring actual and anticipated changes to IFRS standards and related rules and regulations and assessing the impacts of these changes on the Company and its reporting, including expected dates of when such impacts would be effective.

The Company has established a changeover plan that consists primarily of three phases: assessment; planning; and implementation. An external advisor has been engaged to work closely with the Company's dedicated staff to complete the changeover to IFRS. The Company's management has continued to receive training periodically from this advisor and this training is expected to continue throughout the transition on an as-needed basis. Members of the audit committee have also received IFRS information as part of their meetings.

The assessment phase includes the identification of significant differences between the Company's existing Canadian GAAP and IFRS that are relevant to the Company and a high-level review of the alternatives available upon adoption. This phase was completed during 2009. During this phase, an analysis was also performed to assess whether information technology systems used to collect and report financial data required modification in order to meet new reporting requirements under IFRS and it was determined that due to the modest number of topics possibly impacting the Company that system modifications were minimal.

The planning phase includes identification, evaluation and selection of accounting policies necessary for the Company to transition from Canadian GAAP to IFRS as well as potential first-time adoption exemptions. This phase was initiated in the fourth quarter of 2009. This phase involves further assessment of the impact of the transition on the data system and internal control over financial reporting, and disclosure controls and procedures. It also involves assessing the additional training required for the financial team and the impact on business activities. This phase was completed in the first quarter of 2011, and did not identify any changes to the above-noted processes. Any accounting policy differences and related impacts that were identified in this phase have been described in further detail in the table below.

The implementation phase, which integrates all the solutions into the Company's financial system and processes that are necessary for the Company to convert to IFRS, was initiated in the third quarter of 2010.

To date, the transition process has identified the following significant accounting issues:

Key Accounting Area	**Identified Differences with Potential Impact to the Company**
Presentation of financial statements	Additional disclosures will be required in the notes to the financial statements.
Property and equipment	Componentization: No additional significant components of property and equipment are expected to be identified on transition. Different recognition and measurement principles: no impact is expected to be realized on transition. As a result of this analysis, depreciation expense will continue to be calculated using the same rates under IFRS. The Company has reviewed its property and equipment and determined that no adjustments are expected to be required upon transition to IFRS. Lastly, the Company has selected the cost method of accounting for these assets.
Mineral properties	Exploration and evaluation assets should be classified as tangible or intangible according to the nature of the assets acquired. IFRS 6 varies the facts and circumstances under which exploration and evaluation assets must be tested for impairment from those in IAS 36, "Impairment of Assets," but requires that impairment be measured in accordance with that standard once it is identified. Exploration and evaluation assets are measured at cost which reflects those expenditures that can be associated with finding specific mineral resources. As a result of the above identified differences, mineral properties will be referred to as *Mineral Exploration and Evaluation Assets*. Additionally, the Company will continue to recognize expenditures that can be associated with finding specific mineral resources however, in accordance with IFRS 6, costs incurred prior to obtaining the mining licenses will no longer be capitalized. This will increase the deficit by approximately $275,000 at the transition date. Lastly, the Company has selected the cost method of accounting for these interests.
Impairment of assets	Grouping of assets in cash-generating units (CGUs) on the basis of independent cash inflows for impairment testing purposes, using a Fair Value or Value-in-Use (i.e. discounted cash-flow method (DCF)) approach. The Company has defined a CGU at the property level.
Share-based payments	Compensation expense for a share-based payment award issued to non-employees should be measured at the fair value of services received. Expected forfeitures are considered in estimates of stock option values. The Company expects that the result of these differences is immaterial.
Income taxes	Recognition and measurement criteria for deferred income tax assets and liabilities differ. As a result of the initial recognition exception in IAS 12

	paragraph 15 which differs from current Canadian GAAP, the Company will realize a decrease in the amount of $843,750 in its deferred taxes recognized under IFRS, which has a corresponding decrease on its exploration and evaluation assets in the amount of $843,750. No other adjustments have been recognized as a result of applying this standard. .
Financial instruments	IAS 39 requires the classification of financial assets into categories for the purposes of determining subsequent measurement. As a result of the definitions of these categories differing from Canadian GAAP, the Company has reclassified its financial instruments into the loans and receivables and FVTPL categories under IFRS.
IFRS 1:	
Share-based payments exemption	IFRS 2, Share-based Payments, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company has decided to elect to apply IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date.

The Company has started to develop draft financial statements based on its selection of accounting policies in accordance with IFRS and expects to finalize the third phase of transition by the end of its first quarter in 2011. The Company does not expect to realize any significant business impacts, or significant changes to its internal control over financial reporting as a result of the IFRS transition. This assessment may change as the Company continues to evolve during its transition to IFRS.

The Company will ensure that its key stakeholders are continuously informed about the effects of the IFRS transition through its public disclosure documents which highlight such effects on the Company.

The Company has presented its results for fiscal 2010 using Canadian GAAP. In 2011, the Company will present its comparative results for fiscal 2010 using IFRS as issued by the IASB effective at that time. To accomplish this, the Company has kept track of adjustments required to its accounting records in order to effect its reconciliations from Canadian GAAP to IFRS.

ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to the financial statements. The estimates include the recoverability of mineral properties, the fair value of term deposits, the useful life of property and equipment, future income taxes as well as the fair value estimates of stock options, agents' warrants and share purchase warrants. These estimates are based upon management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ materially from these estimates.

FINANCIAL INSTRUMENTS

Please refer to Note 18 of the December 31, 2010 audited financial statements for an extended description of the Company's financial instruments and their fair values.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to and manages various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 19 of the December 31, 2010 financial statements for an extended description of the Company's main financial risks and policies.

CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives the Company monitors its capital structure and makes adjustments as required. Management has assessed that the Company has sufficient capital to continue operations and development programs for at least the next twelve months ending December 31, 2011. The Company is not subject to any externally imposed capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at December 31, 2010 increased from December 31, 2009 by $4,112,392 to $14,765,975 due to the cash and cash equivalents and treasury bills and term deposits purchased during the twelve months of 2010 using the proceeds from the private placement with Tata Steel. The working capital consists of cash and cash equivalents, treasury bills and term deposits, sales taxes, other receivable and prepaid expenses and current portion of tax credits and mining duties receivable net of accounts payable and accrued liabilities.

Capital Expenditures

There was $213,027 in capital expenditures during the twelve months of 2010 compared to $30,905 capital expenditures in 2009.

Capital Resources

At December 31, 2010, NML has paid up capital of $85,754,874 (December 31, 2009 - $64,859,075) representing 148,752,273 (December 31, 2009 – 132,901,559) common shares, capital stock to be issued with a value of $203,813 representing 212,306 common shares (December 31, 2009 – Nil) and a deficit of $22,843,120 (December 31, 2009 - $13,979,918) that is partially offset by contributed surplus of $5,319,477 (December 31, 2009 - $5,392,037) and non-controlling interest of $475,000 (December 31, 2009 – $475,000) resulting in shareholders' equity of $68,910,044 (December 31, 2009 - $56,746,194).

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 16 of the December 31, 2010 financial statements for a summary of the Company's transactions with related parties and the related period end balance.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenditures for mineral properties are provided in Note 10 of the December 31, 2010 Audit Consolidated Financial Statements that is available on NML's website at **http://www.nmlresources.com/library/financial_statements.asp**
or on its SEDAR Page Site accessed through **www.sedar.com**

Included in the Corporation's financial statements were general and administrative expenses of $2,205,867 (2009 – $2,433,567) comprised as follows: salaries and benefits $826,351 (2009 - $717,570), stock based compensation $325,215 (2009 - $890,070), office and administration $458,101 (2009 – $402,833), consultants $91,113 (2009 - $84,218), travel $87,425 (2009 - $150,856), contributions of $220,923 (2009 - $24,250) and office rent $196,739 (2009 - $163,770).

MARKET OUTLOOK

Iron Ore market:

The world crude steel production reached 1,414 million tonnes (mt) for the year 2010. This is an increase of 15% compared to 2009 and is a new record for global crude steel production. All major steel producing countries and regions, such as North America, the EU and Japan, showed double digit growth in 2010. These countries and regions had higher growth rates due to the lower base effect from 2009. However, some Asian countries, notably China and India, recorded relatively lower growth because the countries were not affected by the 2009 global downturn in steel output. China's crude steel production in 2010 reached 626.7 million tonnes, an increase of 9.3% over 2009. As a result, China's share of world crude steel production declined from 46.7% in 2009 to 44.3% in 2010. Indian production grew from 62.8 mt in 2009 to 66.8 mt in 2010 or an increase of 6.4%. Despite the mandated cut in steel production in September, the Chinese steel production recovered during Q4 because of the increase in domestic demand, which in turn lifted steel prices.

The total Chinese iron ore import in 2010 was 618.6 mt, a decrease of 9 mt (1.4%) compared to 2009. The first decrease since 1998. Decrease of iron ore imports is attributed to the increase in domestic iron ore production. Because of the higher spot market price and continued dominance of the big three iron ore miners, China has invested $51 billion in domestic iron ore mines in the past 5 years in order to increase production by 100 mtpy. High cost domestic producers become economically viable if the price stays over $180. In spite of higher Chinese domestic ore production, spot prices continued to climb higher during Q4 of 2010.

After reaching a yearly low of US$ 124 per tonne CIF China in mid July, iron ore spot prices for 63.5% iron content delivered from India rose to US$ 177-179 per tonne by the year end. This represented more than a 40% increase in the price. The strong growth of the spot prices could be attributed to tightness in the seaborne supply, despite increased domestic production in China. The demand for iron ore was met by a rebound in global steel production. At the same time, a ban in the export by the Indian State of Karnataka and crack down of illegal mining in other states, reduced supply from India by over 30%. Weather related delays in the shipments of the ore from India, Australia and Brazil continued hamper seaborne supplies. Onset of the winter in China also affected mine throughput. Because of the higher spot market prices during Q4, Brazilian mining giant Vale expected to raise quarterly iron ore contract prices by 8.8% to US$ 149.20 FOB per tonne for Q1, 2011.

Outlook:

The supply demand fundamentals for the seaborne iron ore are expected by certain analysts to remain unchanged for the next two years. Investments in new mine capacity were held back during the last global financial crisis. With the expansion plan of big three producers and other mining projects that are expected to come on stream in 2014 and 2015, spot market prices are projected to weaken. However, the capital cost of bringing new production, both greenfield and brownfield projects, is increasing because of declining ore grades, infrastructure requirements and higher input costs. While the quality and cost of domestic iron ore available in China continue to decline, CFR prices for 62% Fe ore is not expected to decline below US$150.00 per tonne in 2011. As a result, the average spot price in 2011 is expected to be US$160.00 compared to US$144.22 in 2010.

BUSINESS RISKS

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company’s properties are located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company is actively engaged in including First Nations participation in the project, has entered into certain agreements and expects to enter into other agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile market conditions for resource commodities in the recent past, including iron ore, after several years of improving prices has resulted in a dramatic decrease and increase in market capitalization and affects the ability of companies to acquire funding for their exploration and development properties. An extended period of poor macro-economic conditions could lead to an inability of the Company to finance future developments and operations.

Inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years; however renewed exploration and development activity has resulted in a shortage of experienced technical staff, and heavy demand for goods and services needed by the mining community.

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies that have greater financial resources and technical capacity.

The market price of iron ore and other commodities is relatively volatile. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX Venture Exchange may be affected by such volatility.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Additional risk factors are contained in the 2010 Annual Information Form of the Company filed on SEDER at www.sedar.com.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at December 31, 2010.

1. Share capital

(a) Authorized:

Unlimited number of common voting shares.
Unlimited number of preferred shares, without nominal or par value, issuable in series.

(b) Issued as of December 31, 2010: The Company has 148,752,273 common shares issued ($85,754,874).

(c) Issued as of April 25, 2011: The Company has 174,077,964 common shares issued ($168,506,749).

2. Options

The Company has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares.

As of April 25, 2011, there were 14,511,000 common shares reserved for issuance pursuant to the exercise of stock options (December 31, 2010 – 11,456,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
1,500,000	$0.75	13-Sep-11
80,000	$0.75	02-Nov-11
375,000	$0.50	01-Feb-12
880,000	$0.75	02-Aug-12
250,000	$0.65	13-Nov-12
1,450,000	$0.83	30-Jan-13
250,000	$1.44	25-Mar-13
100,000	$1.65	30-Apr-13
70,000	$1.75	01-Jun-13
2,122,500	$0.37	20-Jan-14
33,000	$0.65	09-Oct-14
24,500	$0.59	04-Dec-14
33,000	$0.88	02-Feb-15
3,950,000	$0.90	29-Jun-15
36,000	$0.87	31-Aug-15
42,000	$3.52	8-Feb-16
3,315,000	$3.36	2-Apr-16

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Annual Report for the year ended December 31, 2010.

New Millennium Capital Corp.

Consolidated Financial Statements
December 31, 2010 and 2009

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the Shareholders of
New Millennium Capital Corp.

We have audited the accompanying consolidated financial statements of New Millennium Capital Corp, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of loss and comprehensive loss, deficit, contributed surplus and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud of error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Millennium Capital Corp. as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

S/S Raymond Chabot Grant Thornton [1]

Montréal, April 19, 2011

[1]. Chartered accountant auditor permit no. 22865

New Millennium Capital Corp.
Consolidated Balance Sheets
December 31, 2010 and 2009

	2010	2009
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	12,002,984	9,650,874
Treasury bills and term deposits (Note 6)	3,674,699	171,903
Sales taxes, other receivable and prepaid expenses (note 7)	1,045,687	367,892
Current portion of tax credits and mining duties receivable	3,223,842	1,571,837
	19,947,212	11,762,506
Tax credits and mining duties receivable	198,136	264,510
Long-term investments (Note 8)	-	2,680,519
Advances on contracts	505,500	36,582
Property and equipment (Note 9)	186,933	43,528
Mineral properties held for sale (Note 10)	22,060,670	-
Mineral properties (Note 10)	31,192,830	43,378,473
	74,091,281	58,166,118
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	5,181,237	1,108,923
Future income taxes (Note 13)	-	311,001
Total liabilities	5,181,237	1,419,924
EQUITY		
Capital stock (Note 11)	85,754,874	64,859,075
Capital stock to be issued (Note 11)	203,813	-
Contributed surplus	5,319,477	5,392,037
Deficit	(22,843,120)	(13,979,918)
Total equity attributable to shareholders of the Company	68,435,044	56,271,194
Non-controlling interest	475,000	475,000
	68,910,044	56,746,194
	74,091,281	58,166,118

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/S/ Robert Martin
Director

/S/ Pierre Seccareccia
Director

New Millennium Capital Corp.
Consolidated Loss and Comprehensive Loss
Years ended December 31, 2010 and 2009

	2010	2009
	$	$
Revenue	–	–
Expenses		
General and administrative	2,205,867	2,433,567
Professional fees (Note 12)	6,956,352	834,273
Market development	294,122	199,412
Foreign exchange (gain)/loss	(70,265)	84,654
Amortization of property and equipment	29,727	29,469
	9,415,803	3,581,375
Loss before other items and income taxes	(9,415,803)	(3,581,375)
Other items		
Investment income	80,090	140,286
Loss on sale of long-term investments (Note 8)	(6,490)	-
Change in fair value of long-term investments	168,000	460,000
	241,600	600,286
Loss before income taxes	(9,174,203)	(2,981,089)
Future income taxes (Note 13)	311,001	672,826
Net loss and comprehensive loss	(8,863,202)	(2,308,263)
Net loss earnings attributable to non-controlling interests	-	-
Net loss and comprehensive loss attributable to shareholders of the Company	(8,863,202)	(2,308,263)
Loss per share attributable to shareholders of the Company - basic and diluted	(0.06)	(0.02)
Weighted average number of shares outstanding	141,699,360	132,026,654

The accompanying notes are an integral part of the consolidated financial statements.

New Millennium Capital Corp.
Consolidated Deficit
Consolidated Contributed Surplus
Years ended December 31, 2010 and 2009

	2010	2009
	$	$
CONSOLIDATED DEFICIT		
Balance, beginning of year	13,979,918	11,671,655
Net loss attributable to New Millennium Capital Corp. shareholders	8,863,202	2,308,263
Balance, end of year	22,843,120	13,979,918
CONSOLIDATED CONTRIBUTED SURPLUS		
Balance, beginning of year	5,392,037	4,821,816
Stock-based compensation expense		
Employees and directors	237,015	752,070
Consultants	88,200	138,000
Transfer to capital stock upon exercise of stock options	(397,775)	(319,849)
Balance, end of year	5,319,477	5,392,037

The accompanying notes are an integral part of the consolidated financial statements.

New Millennium Capital Corp.
Consolidated Cash Flows
Years ended December 31, 2010 and 2009

	2010	2009
	$	$
OPERATING ACTIVITIES		
Net loss	(8,863,202)	(2,308,263)
Interest received on long-term investments	-	172,113
Non-cash items		
Stock-based compensation expense	325,215	890,070
Amortization of property and equipment	29,727	29,469
Change in fair value of long-term investments	(168,000)	(460,000)
Loss on sale of long-term investment	6,490	-
Future income taxes	(311,001)	(672,826)
	(8,980,771)	(2,349,437)
Changes in working capital items (Note 14)	3,097,830	(2,502,243)
Cash flows used by operating activities	(5,882,941)	(4,851,680)
INVESTING ACTIVITIES		
Net (purchases) redemptions of treasury bills and term deposits	(3,502,796)	13,098,176
Proceeds on sale and redemption of long-term investments	2,842,029	7,651
Advances on contracts	(668,975)	(277,583)
Acquisition of property and equipment	(213,027)	(30,905)
Tax credits and mining duties received	197,448	1,184,297
Additions to mineral properties	(10,427,652)	(9,040,392)
Cash flows (used) provided for investing activities	(11,772,973)	4,941,244
FINANCING ACTIVITIES		
Issuance of common shares	20,618,650	446,500
Share issue costs	(610,626)	-
Cash flows provided by financing activities	20,008,024	446,500
Increase in cash and cash equivalents	2,352,110	536,064
Cash and cash equivalents, beginning of year	9,650,874	9,114,810
Cash and cash equivalents, end of year	12,002,984	9,650,874

The accompanying notes are an integral part of the consolidated financial statements.

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

New Millennium Capital Corp. (Company) was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. Management has assessed that the Company has sufficient funds available to continue operations and development of programs for at least the next twelve months ending December 31, 2011.

2 - CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2010 the Company adopted earlier than required, as permitted by the transitional provisions, the following new accounting standard issued by the Canadian Institute of Chartered Accountants (CICA).

Section 1602 “Non-Controlling Interest” which establishes standards for the accounting and presentation of non-controlling interests subsequent to a business combination. The effect of the change in accounting standards will be with regards to where non-controlling interest is presented on the balance sheet. Previously, non-controlling interest was shown outside of shareholders’ equity. Upon adoption of the new standard it is included within shareholders’ equity for the current period and the comparative period’s figures were restated. Except for the inclusion of minority interest in the definition of capital, the new standard had no other impact on the Company’s financial statements.

Upon adopting section 1602, the Company also adopted, as required, section 1582, “Business Combinations” and section 1601 “Consolidated Financial Statements”. These sections had no impact on the Company’s financial statements.

3 - FUTURE ACCOUNTING CHANGES

International financial reporting standards

In 2008, the Canadian Accounting Standards Board announced that as of January 1, 2011, Canadian publicly accountable enterprises will be required to changeover to Canadian Generally Accepted Accounting Principles for Publicly Accountable Enterprises which will be equivalent to International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company will adopt on January 1, 2011, retroactively, with restatement of comparative information taking into consideration exemptions available under IFRS 1. The Company’s IFRS implementation project is progressing according to plan.

4 - ACCOUNTING POLICIES

Basis of presentation

The financial statements are prepared in Canadian dollars using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

Accounting estimates

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. The estimates include the recoverability of mineral properties, the fair value of term deposits and long-term investments, the useful life of property and equipment, future income taxes as well as the fair value estimate of stock options, agents' warrants and share purchase warrants. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates.

4 - ACCOUNTING POLICIES (Continued)

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary LabMag Services Inc., the 80%-owned subsidiary LabMag GP Inc. and its 80% interest in LabMag Limited Partnership (LLP).

In accordance with the Partnership agreement between LLP and the Company, the Company shall be responsible for providing and arranging for all capital in excess of initial contributions of each partner and all operating costs for exploration until commercial production commences. Consequently, the Company included 100% of assets, liabilities and losses and reflecting the initial contribution of the Partner holding the 20% interest in the Partnership in the consolidated financial statements as a non-controlling interest.

At December 31, 2010, the Company owns 19% of Tata Steel Minerals Canada Ltd. (TSMC) which was acquired at a cost of $19. As the Company has no significant influence on the activities of TSMC, this investment is recorded at cost.

Cash and cash equivalents

Cash and cash equivalents include cash and investments having a term of three months or less from the acquisition date.

Mineral properties

The Company is in the process of exploring and evaluating its mineral properties. The recoverability of amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development of economically recoverable reserves in the mineral properties, upon the renewal of the underlying mineral claims, maintaining of the Company's interest in the underlying mining titles and compliance with filing obligations, and upon future profitable production of these reserves or sufficient proceeds from the disposition thereof.

The Company capitalizes costs, net of tax credits and mining duties, relating to the acquisition, exploration and development of mineral properties on an area of interest basis. These expenses will be charged against revenue, through unit of production depletion, when properties are developed to the stage of commercial production. If an area of interest is abandoned, or management determines that there is a permanent and significant decline in value, the related costs are charged to operations. The Company reviews the carrying values of mineral property interests on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, and the extent to which optionees have committed, or are expected to commit to, exploration on a property. When it becomes apparent that the carrying value of a property exceeds its estimated net recoverable amount based on the foregoing criteria, an impairment is recognized.

Tax credits and mining duties

The tax credits and mining duties are recorded as a reduction of the mineral properties during the year in which the costs are incurred, provided that the Company is reasonably certain that the tax credits and mining duties will be received. The tax credits and mining duties claimed and recorded must be examined and approved by the tax authorities and it is possible that the amount granted will differ from the amount recorded.

Amortization

Property and equipment are amortized over their estimated useful lives according to the straight-line method over the following period:

	Period
Office furniture, equipment, trucks and campsite	18 to 60 months

4 - ACCOUNTING POLICIES (Continued)

Income taxes

Income taxes are recorded using the liability method of tax allocation. Future income taxes are calculated based on temporary timing differences arising from the difference between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the timing differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Loss per share

Basic loss per common share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. For the years presented, this calculation proved to be anti-dilutive. The treasury stock method is used to determine the dilutive effect of stock options and warrants, as described in Note 11. Under the treasury stock method, only "in-the-money" dilutive instruments impact the dilution calculations.

Share and unit issue costs

Share and unit issue costs are recorded as a decrease of capital stock.

Stock-based compensation

The Company has a stock option plan as described in Note 11. The Company adopted the fair value method of recognizing all stock-based compensation awards. Such stock-based compensation expense for all options granted under the Company's option plan is determined using the fair value method and the fair value of the stock options is determined using the Black-Scholes valuation model and is recognized over the vesting period of such options.

When directors, officers, employees and consultants exercise their stock options, the capital stock is credited by the sum of the consideration paid by directors, officers, employees and consultants together with the related portion previously credited to contributed surplus when compensation expenses were charged in the consolidated statements of loss and comprehensive loss.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Future income tax liability is increased and capital stock is reduced by the estimated tax benefits transferred to shareholders on the date the Company files the renunciation documents with the tax authorities.

Financial Instruments

Financial instruments have been classified as follows:

– Cash and cash equivalents and long-term investments are classified as held-for-trading financial assets. Treasury bills and term deposits have been designated by the Company as held-for-trading. They are measured at fair value and changes in fair value are recognized in net loss and presented under investment income. Transaction costs from held-for-trading financial assets and liabilities are recognized in net loss and presented under general and administrative expenses;

4 - ACCOUNTING POLICIES (Continued)

On initial recognition, certain financial assets and liabilities are designated by the Company as held-for-trading because the Company considers that the financial information provided from this classification is more relevant for decision-making and provides for a better valuation of the Company's performance.

– Accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.

Asset retirement obligations

During the course of acquiring and exploring potential mining properties, the Company must comply with government environmental regulations concerning reclamation requirements. The estimated costs of complying with these requirements are capitalized as mineral properties and the corresponding liability is increased accordingly. The carrying value will then be amortized over the life of the related assets on a unit-of-production basis and the related liabilities are accreted to the original value estimate. To date, during exploration all such costs have been met on a progressive basis. Management believes that no additional asset retirement obligations exist at this time and no amount has been recorded in these financial statements.

Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses are included in the net loss for the year.

5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include $10,153,746 (2009 – $8,499,235) of treasury bills maturing by February 2011 and bearing interest from 0.15% to 0.88% (2009 – 0.12%).

6 – TREASURY BILLS AND TERM DEPOSITS

In 2010, treasury bills and term deposits include a treasury bill with a value of $3,501,976 maturing in March 2011 and bearing interest at 0.90%.and guaranteed investment certificates (GIC's) with values of $17,008 and $155,715 maturing in June 2011 and July 2011 respectively and bearing interest at 0.75%.

In 2009, term deposits included GIC's with costs of $16,911 and $154,992 maturing in June 2010 and July 2010 respectively and bearing interest at 0.40%.

7 – SALES TAXES, OTHER RECEIVABLE AND PREPAID EXPENSES

Included in sales taxes, other receivable and prepaid expenses is $495,261 of other receivables due from TMSC, a company in which NML owns a 19% equity interest. This amount is non-interest bearing and resulted from advances made by NML to help begin the operations of the Company.

8 – LONG-TERM INVESTMENTS

On June 17, 2010, the Company disposed of its asset backed notes (Notes) for proceeds of $2,840,244. These Notes were issued by Master Asset Vehicle II (MAV2) as a result of the restructuring of the Company's previous investment in Third Party Asset Backed Commercial Paper. As at June 16, 2010, the Notes had a face value of $4,405,792 (2009 - $4,407,581), and a fair value of $2,846,734 (2009 – $2,680,519), resulting in the Company recognizing a loss on disposal of $6,490 and an increase in fair value of $168,000 (2009 - $460,000) for the year ended December 31, 2010.

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

8 – LONG-TERM INVESTMENTS (Continued)

The fair value of the Notes as at December 31, 2009 and June 16, 2010, were determined based on management's judgment using available information and assumptions market participants would use in pricing such notes at the valuation dates. The Company reviewed information provided by Dominion Bond Rating Service and BlackRock, the administrator of MAV2, including current and anticipated credit ratings, composition and valuation estimates of the underlying assets and general economic conditions in considering the fair value of the investments.

The details of the Company's long-term investments at December 31, 2009 were as follows:

Notes	**Face Value ($)**	**Maturity Date (i)**	**Required Yield (ii)**	**Fair Value December 31, 2009 $**
MAV2				
A-1	2,937,825	January 22, 2017	9.75%	1,943,784
A-2	738,574	January 22, 2017	12.75%	402,645
B	134,072	January 22, 2017	33.00%	17,904
C	118,086	January 22, 2017	50.00%	6,745
IA Tracking Notes				
Class 15	479,024	December 20, 2013	15.00%	309,441
Total	4,407,581			2,680,519

(i) The legal maturity dates for the MAV2 A-1, A-2, B and C Notes are in July 2056 but for valuation purposes a maturity date of January 2017 was used based upon the maturities of the underlying assets.

(ii) The estimated yield to maturity required by prospective investors.

9 - PROPERTY AND EQUIPMENT

	2010		
	Cost	Accumulated Amortization	Net
	$	$	$
Office furniture, equipment, trucks and campsite	334,813	147,880	186,933

	2009		
	Cost	Accumulated Amortization	Net
	$	$	$
Office furniture and equipment	121,787	78,259	43,528

During the year the Company wrote off Nil (2009 – $12,838) of fully amortized assets no longer in use.

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

10 - MINERAL PROPERTIES

	Direct Shipping Ore Holdings (DSO) Properties $	**LabMag Property $**	**KéMag Property $**	**Other Properties $**	**Balance as at Dec. 31 2010 $**	**Balance as at Dec. 31 2009 $**
Balance, beginning of year	12,931,637	21,498,329	8,345,928	602,579	-	-
Mineral licenses	556,576	(12,002)	(13,356)	76,256	4,180,248	3,572,774
Resource evaluation	6,006,501	83,207	92,046	321,240	22,143,025	15,640,031
Drilling	581,051	62,117	17,538	316,457	18,786,565	17,809,402
Environmental	3,530,581	-	-	-	13,817,499	10,286,918
Amortization of property and equipment	28,724	2,793	399	7,979	39,895	-
Other	-	-	-	-	274,715	274,715
	10,146,857	148,117	109,983	645,676	55,061,699	44,011,066
Tax credits and mining duties	(1,574,400)	-	(49,736)	(158,944)	(5,988,447)	(4,205,367)
Balance, end of year	**22,060,670**	**21,634,444**	**8,392,819**	**1,165,567**	**53,253,500**	**43,378,473**
Mineral properties held for sale – DSO Properties					**22,060,670**	
Mineral properties not held for sale					**31,192,830**	

Overview

The Company holds interests in 3,360 claims distributed between properties in Newfoundland and Labrador (NL) and Québec. Claims registered under New Millennium Capital Corp. (NML) are owned 100% by the Company. Claims registered under LLP are owned 80% by the Company through its 80% interest in LLP. Claims registered jointly are owned 71.37% directly by NML and 28.63% directly by LLP.

Province	Ownership	DSO Properties	LabMag Property	KéMag Property	Other Properties	Total
Newfoundland & Labrador	NML	217 [54.3 km^2]	-	-	812 [203 km^2]	1,029 [257.3 km^2]
	LLP	32 [8 km^2]	256 [64 km^2]	-	383 [95.8 km^2]	671 [167.8 km^2]
	NML / LLP	8 [2 km^2]	-	-	-	8 [2 km^2]
Québec	NML	525 [239.6 km^2]	-	171 [80.9 km^2]	956 [458.3 km^2]	1,652 [778.8 km^2]
Total		**782** [303.9 km^2]	**256** [64 km^2]	**171** [80.9 km^2]	**2,151** [757.1 km^2]	**3,360** [1,205.9 km^2]

10 - MINERAL PROPERTIES (Continued)

DSO Properties – Asset held for sale:

The Company's DSO Project involves exploration and development work on hematite deposits in Québec and Labrador which were previously held and/or mined by the Iron Ore Company of Canada. The properties, located in isolated claim blocks, extend from 15 kms SE of Schefferville to the Goodwood area some 50 kms NW of Schefferville. A Feasibility Study was completed in March 2010 on this Project based on annual shipments of 4 million tonnes of sinter fines and super fines ore per year. The resulting product is expected to be composed of 80% sinter Fines and 20% super Fines.

The Company classified the DSO Properties as an asset held for sale, as on March 17, 2010, the Company officially notified Tata Steel Global Minerals Holdings PTE Ltd. (Tata Steel) that the DSO Properties' Feasibility Study had been approved and delivered to Tata Steel pursuant to the terms of the joint venture agreement. This triggered the commencement of the 180 day option period on the DSO Properties, whereby Tata Steel has the option to acquire an 80% equity interest in the DSO Properties by paying the Company 80% of the Company's costs incurred to the closing date to advance the DSO Properties. If Tata Steel acquires their 80% interest, all the DSO Properties will be transferred to a new company owned 80% by Tata Steel and 20% by the Company. Tata Steel will arrange funding of the capital costs of DSO development up to $300 million and will commit to purchase, at world prices, 100% of DSO's iron ore production meeting certain quality specifications for the life of the mining operation.

On September 13, 2010, Tata Steel exercised this option and NML and Tata Steel are in the process of completing the steps necessary to finalize the transfer of the DSO Properties and expect the closing date to be before May 15, 2011. The new company, TSMC, was incorporated on October 26, 2010. At that time, NML acquired a 19% interest for $19 and intends to transfer the DSO properties to TSMC in return for an additional 1% interest.

In connection with Tata Steel's exercise of their option, NML has incurred $6,059,000 in professional fees.

LabMag Property:

The LabMag Iron Ore Project involves the exploration and development of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the town of Schefferville, Québec. A Pre-feasibility Study completed in 2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a pipeline to a 15 million ton per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for export overseas.

KéMag Property:

The KéMag Iron Ore Project involves the exploration and development of a taconite deposit at Lac Harris, Québec. The property, situated in the Kativik Region in northern Québec, is centered about 50 kms to the northwest of the town of Schefferville, Québec. A Pre-Feasibility Study was completed in 2009 on this Project based on a mining operation and concentrator located at Lac Harris with an estimated annual production rate of 21.2 million tonnes of concentrate. The concentrate is proposed to be shipped by a pipeline to a 15 million ton per year pellet plant located in Sept-Îles, Québec, where it is estimated in the study to be sufficient to feed the pellet plant and provide 7 million tonnes per year of concentrate for export in addition to 15 million tonnes per year of pellets.

Other Properties:

The remaining claims include holdings of magnetic taconite and dolomite as well as the site of the potential Emeril plant.

10 - MINERAL PROPERTIES (Continued)

Tata Steel has an exclusive right to negotiate and settle a proposed transaction in respect of the LabMag and KéMag Properties until February 28, 2011. The parties successfully agreed upon the structure of a potential transaction in 2011 (see Note 20).

11 - CAPITAL STOCK

Authorized

Unlimited number of shares

Common shares
Preferred shares, issuable in series, without nominal or par value

	Number of common shares	Amount $
Issued and fully paid		
Balance, as at December 31, 2008	131,486,558	64,092,726
Issued for cash on exercise of stock options	1,415,001	446,500
Transferred from contributed surplus on exercise of stock options		319,849
Balance, as at December 31, 2009	132,901,559	64,859,075
Issued for cash	14,285,714	20,000,000
Issued for mineral claims	350,000	490,000
Tax effect of flow-through shares		
Issued for cash on exercise of stock options	1,215,000	618,650
Transferred from contributed surplus on exercise of stock options		397,775
Share issue costs		(610,626)
Balance, as at December 31, 2010	148,752,273	85,754,874

The Company has taken a full valuation allowance on the future income tax asset of $164,258 related to the 2010 share issue costs above.

Capital stock offerings

On June 4, 2010, the Company completed a private placement to Tata Steel whereby 14,285,714 common shares were issued at $1.40 per share. The Company received gross proceeds of $20,000,000 and its financial advisors were paid $525,000 in connection with the private placement. Subsequent to this placement Tata Steel owns 40,429,270 common shares in the Company, which represents 27.18% of the December 31, 2010, issued and outstanding common shares of the Company.

Capital stock – to be issued

NML entered into an agreement with legal counsel whereby NML, at their option, could pay $203,813 of legal fees related to legal work in cash or by issuance of shares of NML. The legal work related to this agreement was completed in June 2010 and NML decided to make their payment by issuance of shares, subject to regulatory approval. The related expenditures are included in DSO Properties at December 31, 2010.

On March 11, 2011, the Company issued 212,306 shares at a price of $0.96 per share to settle the outstanding debt of $203,813.

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

11 - *CAPITAL STOCK (Continued)*

Stock options

The Company has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the common share market closing price on the day before the option grant less a permitted discount. The vesting period is determined by the Board of Directors and the maximum term of these options is five years. Some of the options only vest if certain performance criteria are met.

A summary of the Company's stock option plan is as follows:

	2010		2009	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
		$		$
Balance, beginning of year	8,677,000	0.65	8,108,267	0.66
Granted	4,019,000	0.90	2,682,000	0.38
Exercised	(1,215,000)	0.51	(1,415,001)	0.32
Expired/forfeited	(25,000)	0.75	(698,266)	0.34
Balance, end of year	11,456,000	0.76	8,677,000	0.65
Options exercisable, end of year	5,161,000	0.71	5,075,000	0.75

Options exercisable and outstanding as at December 31, 2010 as set forth in the previous table are as follows:

Exercise price	Number of exercisable options	Number of outstanding options	Expiry Date
$0.76	25,000	25,000	April 6, 2011
$0.75	750,000	1,500,000	September 13, 2011
$0.75	80,000	80,000	November 2, 2011
$0.50	375,000	375,000	February 1, 2012
$0.75	880,000	880,000	August 2, 2012
$0.65	250,000	250,000	November 13, 2012
$0.73	25,000	25,000	November 19, 2012
$0.83	1,500,000	1,500,000	January 30, 2013
$1.44	50,000	250,000	March 25, 2013
$1.65	100,000	100,000	April 30, 2013
$1.75	70,000	70,000	June 1, 2013
$0.37	1,015,000	2,300,000	January 20, 2014
$0.65	16,500	33,000	October 9, 2014
$0.59	24,500	49,000	December 4, 2014
$0.88	-	33,000	February 2, 2015
$0.90	-	3,950,000	June 29, 2015
$0.87	-	36,000	August 31, 2015
	5,161,000	11,456,000	
Weighted average exercise price	0.71	0.75	

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
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11 - CAPITAL STOCK (Continued)

The weighted average remaining contractual years of the options outstanding is 2.9 years.

The weighted average fair value of stock options granted during 2010 was $0.63 per share ($0.25 per share in 2009). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	2010	2009
Risk-free interest rate	2.46%	2.05%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	90%	79%
Dividend yield	Nil	Nil

Agents' warrants

As at December 31, 2010, the Company had no agents' warrants outstanding. No agents' warrants were issued during 2009 or 2010, while 416,774 expired unexercised April 4, 2009.

12 - PROFESSIONAL FEES

Included in professional fees are $6,059,000 (2009 – Nil) in fees relating to Tata Steel's exercised option on the DSO properties.

13 - INCOME TAXES

The Company has recorded a future income tax recovery arising from temporary differences between accounting values and tax base values of various net capital assets of the Company. In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. As at December 31, 2010, the future tax benefits from the future income tax assets, which arose as a result of applying the losses and non-capital losses carried forward to taxable income, have not been recognized in these accounts due to uncertainty regarding their utilization.

The future income taxes in the consolidated statements of loss are summarized as follows:

	2010	2009
	$	$
Loss before income taxes	(9,174,203)	(2,981,089)
Combined federal and provincial tax rates	29.90%	30.90%
Computed income tax recovery	(2,743,087)	(921,157)
Stock-based compensation expense	97,239	275,032
Mining duties	(58,716)	(73,158)
Professional fees	1,837,484	52,588
Unrecognized tax items	439,448	(110,468)
Change in tax rate and other items	116,631	104,337
	(311,001)	(672,826)

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

13 - INCOME TAXES (Continued)

The future income tax assets and liabilities result from differences between the carrying amount and the tax basis of the following items:

	2010	2009
	$	$
Future income tax liabilities		
Mineral properties	7,515,804	7,319,420
Mining tax credits	186,212	165,949
	7,702,016	7,485,369
Future income tax assets		
Non-capital losses carried-forward	7,985,099	6,736,044
Capital losses carried forward	210,566	232,289
Share and unit issue costs	354,497	416,770
Losses of LLP that exceed at risk amount	75,166	127,599
Property and equipment	40,282	21,554
	8,665,610	7,534,256
Valuation Allowance	963,594	359,888
	-	311,001

The Company has non-capital tax losses, which are available to reduce income taxes in the future years. They aggregate $29,684,000 and can be carried over to the following years:

	$
2014	503,000
2015	2,968,000
2026	7,572,000
2027	3,302,000
2028	7,532,000
2029	3,130,000
2030	4,677,000
	29,684,000

The Company has limited partnership losses, through LLP, in the amount of $279,000 (2009 - $474,000) for which no tax benefit has been recognized.

During the year the Company earned Federal investment tax credits (ITC's) of $194,177 (2009 - $288,575) which have not been recorded in these financial statements due to the uncertainty as to whether the Company will be able to utilize them.

The Company has a total of $845,395 of Federal ITC's that can be carried forward for 20 years and expiring from 2028 to 2030 and $179,794 of Quebec tax credits that can be carried forward for 10 years and expiring in 2016 and 2017.

14 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2010	2009
	$	$
Sales taxes, other receivables and prepaid expenses	(677,795)	219,558
Accounts payable and accrued liabilities	3,775,625	(2,721,801)
	3,097,830	(2,502,243)

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
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14 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS (Continued)

Included in the accounts payable and accrued liabilities is an amount of $1,117,489 (2009 - $820,799) pertaining to additions to mineral properties. Included in the cash flows used by advances on contracts is $200,057 (2009 - $334,005) pertaining to mineral properties.

Cash flows relating to income taxes and interest on operating activities are detailed as follows:

	2010	2009
	$	$
Interest received	76,615	242,871
Income taxes paid	-	-

15 - CAPITAL MANAGEMENT

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of shareholder's equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required. The Company is not subject to any externally imposed capital requirements.

16 - RELATED PARTY TRANSACTIONS

The Company incurred the following transactions with the directors and companies under their control and partnerships in which a director and the interim chief financial officer are partners.

	2010	2009
	$	$
Consolidated Balance Sheet		
Mineral properties	269,192	268,070
Share issue costs	39,043	-
Consolidated Loss		
General and administrative expenses	39,043	29,050
Directors fees	52,800	46,000
Professional fees	683,233	593,429
Market development	3,113	2,600

These transactions, concluded in the normal course of operations, were measured at the exchange amount, which is the amount of consideration established and accepted by the parties.

The unpaid balances resulting from the above transactions amount to $244,512 ($181,409 in 2009) and are included in accounts payable and accrued liabilities.

17 - COMMITMENTS AND CONTINGENCY

The Company has entered into long-term leases for premises, equipment and consulting agreements amounting to $447,273 expiring by June 2012. The minimum payments for the next two years are $357,273 in 2011 and $90,000 in 2012.

17 - COMMITMENTS AND CONTINGENCY (Continued)

In June 2010, the Company and the Naskapi Nation of Kawawachkamach (NNK) located near Schefferville, Québec entered into an Impact and Benefits Agreement (IBA). The IBA is a life of mine agreement that promotes and governs a mutually beneficial development of the Company's DSO Project and ensures an ongoing positive relationship between the Company and the NNK. In return for their consent and support of the DSO Project, NNK will benefit through training, employment, business opportunities and financial participation in the project. This commitment will be transferred to TSMC along with the DSO properties.

In September 2010, the Company, Labrador Iron Mines Holdings Limited and the Innu Matimekush-Lake-John First Nation reached an agreement to start IBA negotiations in return for contributions towards education, health, youth programs, traditional activities and the improvement of a community facility. This commitment will be transferred to TSMC along with the DSO properties.

The Company is committed through LLP to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.

18 - FINANCIAL INSTRUMENTS

Fair value

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with similar risks and remaining maturity.

The fair value of accounts payable and accrued liabilities carrying value approximate their fair value due to their short-term maturities. The fair value of the treasury bills is based on their market values, which approximates their carrying value.

The fair value of the GIC's is determined by discounting expected future cash flows using interest rates of 0.2% (2009 – 0.2%), which represent the rate that the Company can get for GIC with similar terms and conditions and maturity dates.

Sensitivity to an increase of 1% in rates for the treasury bills and GIC's would not have a material effect on net loss for the period ended December 31, 2010.

Fair Value Hierarchy

Financial instruments recorded at fair value on the Consolidated Balance Sheet are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

– Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

– Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means;

– Level 3 – valuation techniques with significant unobservable market inputs.

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

New Millennium Capital Corp.
Notes to Consolidated Financial Statements
December 31, 2010 and 2009

18 - FINANCIAL INSTRUMENTS (Continued)

The following table presents the financial instruments recorded at fair value in the Consolidated Balance Sheet classified using the fair value hierarchy described above.

2010

	Level 1	Level 2	Level 3	Total financial instruments at fair value
	$	$	$	$
Cash and cash equivalents	12,002,984	-	-	12,002,984
Treasury Bills	3,501,976	-	-	3,501,976
Term deposits	-	172,723	-	172,723
Total financial instruments	15,504,960	172,723	-	15,677,683

2009

	Level 1	**Level 2**	**Level 3**	Total financial instruments at fair value
	$	$	$	$
Cash and cash equivalents	9,650,874	-	-	9,650,874
Term deposits	-	171,903	-	171,903
Long-term investments	-	-	2,680,519	2,680,519
Total financial instruments	9,650,874	171,903	2,680,519	12,503,296

The following table summarizes the changes in the fair value of the MAV2 Notes.

	December 31, 2010	December 31, 2009
	$	$
Fair value as at December 31, 2009 (December 31, 2008)	**2,680,519**	2,400,283
Payments received pursuant to restructuring of ABCP notes	**-**	(172,113)
Derecognition of ABCP	**-**	(2,228,170)
Recognition of MAV2 Notes	**-**	2,228,170
Change in fair value	**168,000**	460,000
Sale of MAV2 Notes	**(2,840,244)**	-
Loss on sale of MAV2 notes	**(6,490)**	-
Redemption of Class A-1 Notes	**(1,785)**	(7,651)
Fair value as at December 31, 2010 (December 31, 2009)	**-**	2,680,519

19 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to and manages various financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risks and policies are as follows:

Exchange risk

The Company's functional currency is the Canadian dollar and most expenditures are transacted in Canadian dollars. The Company funds certain foreign currency transactions by buying the foreign currency at the spot rate when required.

On December 31, 2010, the Company had $3,170,104 USD, $3,152,985 CAD (2009 – Nil) in cash and cash equivalents which has been translated to Canadian dollars at the exchange rate on December 31, 2010.

At December 31, 2010, the Company had $3,209,365 USD, $3,192,250 CAD (2009 - Nil) in accounts payable and accrued liabilities which has been translated to Canadian dollars at the exchange rate on December 31, 2010.

The Company purchased US dollars when they became aware of the USD liability owing to an investment banker related to the exercise of the Tata Steel DSO option. The Company was uncertain as to the timing of the payment of this liability and purchased the US dollars to hedge this payable. As a result of holding almost equivalent amounts of USD and USD payables, a $0.01 increase or decrease in the USD/CAD exchange rate would not have a material impact on net loss.

At December 31, 2010, the Company had no Euros in accounts payable and accrued liabilities while they had 112,501 Euro, $170,822 CAD in 2009, which had been translated to Canadian dollars at the exchange rate on at December 31, 2009.

Interest rate risk

The cash equivalents, treasury bills and term deposits bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

Management maintains sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of accounts payable and accrued liabilities are less than three months.

Credit risk

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents, treasury bills and term deposits are held through two Canadian chartered banks and in government of Canada treasury bills and management believes the risk of loss to be remote.

Price risk

The Company is exposed to price risk with respect to iron ore prices. The price of iron ore declined during the most recent economic downturn which commenced in the third quarter of 2008. While future significant price declines could cause continued exploration and development to become uneconomical, commodity prices, particularly iron ore have completely recovered by the end of 2010.

20 – SUBSEQUENT EVENTS

On February 28, 2011, the Company completed a bought deal offering whereby 18,071,429 of its common shares were issued at a price of $3.50 per common share for gross proceeds of $63,250,002. The underwriters were paid fees of $3,478,750 and were granted 1,084,285 common share purchase options exercisable at a price of $3.50 per purchase option for a period of eighteen months from the closing of the offering. In addition, Tata Steel purchased 6,739,956 common shares, to maintain its proportional ownership in the Company under its pre-emptive right, at $3.50 per share for gross proceeds of $23,589,846. There were $648,721 of fees paid pursuant to Tata Steel's purchase.

On March 6, 2011, the Company signed a binding heads of agreement (Binding HOA) with Tata Steel to develop the LabMag Project and the KéMag Project. Under the Binding HOA, Tata Steel shall participate in the development of a feasibility study of these projects and will contribute 64% of the costs to complete the feasibility study. After completion of the feasibility study, Tata Steel will have an option for four months to make an investment decision involving the development of either one or both of the projects. If Tata Steel exercises its option then it will pay the Company 64% of the costs incurred to date to advance the project(s).

The project(s) upon which Tata Steel exercises its option will be transferred to an entity where Tata Steel will initially hold an 80% interest and the Company 20%, with this initial 20% interest a free carry interest in that Tata Steel will be required to contribute as part of their investment in the entity any capital expenditure requirements on behalf of the Company's interest up to a maximum of 4.85 billion. The Company also has an option to acquire an additional 16% paid equity and a right of first refusal to acquire another 4% should Tata Steel exercise its right to invite third party investors into the project.

21 – COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with presentation adopted in the current year.

CORPORATE DIRECTORY

Head Office

New Millennium Capital Corp.
140, 2723- 37 Avenue NE
Calgary, Alberta, Canada
T1Y 5R8

Tel: (403) 266-1150
Fax: (403) 233-0841

Chairman: Lee Nichols
E-mail: lee.nichols@terracon.ca

Executive Office

New Millennium Capital Corp.
1303 Greene Avenue, 2nd Floor
Westmount, Quebec, Canada
H3Z 2A7

Tel: (514) 935-3204
Fax: (514) 935-9650

President and CEO: Robert Martin
E-mail: rmartin@nmlresources.com

Directors and Officers

- Robert Martin, President, Chief Executive Officer and Director
- Lee C. G. Nichols, Chairman and Director
- Dean Journeaux, Chief Operating Officer and Director
- Roy H. Hudson, Secretary and Director
- John N. Schindler, Director
- Pierre Seccareccia, Director
- Narendra Kumar (NK) Misra, Director
- Partha Sengupta, Director
- H.M. Nerurkar, Director
- Mark Freedman, Chief Financial Officer
- Bish Chanda, Senior Vice-President, Marketing & Strategy
- Moulaye Melainine, Senior Vice President, Development
- Jean-Charles Bourassa, Vice-President, Mining
- Paul F. Wilkinson, Vice-President, Environment and Social Affairs
- Laurent Piette, Vice-President and Project Manager, DSO
- Ernest Dempsey, Vice-President, Investor Relations and Corporate Affairs

Auditors

Raymond Chabot Grant Thornton LLP
Chartered Accountants

Legal Counsel

Davis LLP
Barristers and Solicitors

Registrar and Transfer Agent

Valiant Trust Company
310, 606 4th Street SW
Calgary, Alberta T2P 1T1
Tel: (403) 233-2801
Fax: (403) 233-2857
Email inquiries:
valiant@telusplanet.net