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.