New Millennium Capital Corp.

THIRD QUARTER REPORT

2010

MESSAGE TO SHAREHOLDERS

New Millennium Capital Corp. (“NML” or the “Company”) is pleased to report its unaudited financial and operational results for the three and nine month period ended September 30, 2010.

The significant third quarter events were:

- The acquisition of an additional mineral claim to consolidate NML’s Direct Shipping Ore (“DSO”) Goodwood property and the increase of its DSO project resource estimate,
- The court challenge by Quebec North Shore and Labrador Railway (“QNS&L”) of the rail tariff arbitration awarded in Q2 by the Canadian Transportation Agency (“CTA”) regarding a railway tariff on QNS&L,
- An Agreement with the Quebec Innu to eliminate the Schefferville blockade and restart Impact and Benefit Agreement (“IBA”) negotiations, and
- A positive DSO investment decision by Tata Steel Global Minerals Holdings Pte Ltd (“Tata Steel”) thereby exercising its option to acquire an 80% interest in NML’s DSO Project.

The significant subsequent events were:

- The appointment of Tata Steel Limited’s Managing Director, Mr. H.M. Nerurkar to the NML Board,
- The establishment of a Joint Venture Company[1] (“JVC”) with Tata Steel, Tata Steel Minerals Canada Ltd., to advance the DSO project, and
- The completion of the first phase of the Airborne Gravity Gradiometer and High Sensitivity Magnetometer survey near Schefferville, Québec that reveals favourable targets for additional deposits.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended September 30, 2010 should be read in conjunction with the Company’s unaudited interim consolidated financial statements and related notes contained in this report and the audited consolidated financial statements and MD&A for the year ended December 31, 2009 and 2008.

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

[1] This company will be owned 80% by Tata Steel and 20% by NML.

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 28, 2010 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

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

Tata Steel, one of the top 10 steel producers of the world, owns 27.3% of New Millennium and is the Corporation's largest shareholder and strategic partner. Tata Steel has exercised its exclusive option to participate in the DSO Project and has a commitment to purchase at world market prices the resulting production, and has an exclusive right to negotiate and settle a proposed transaction by December 31, 2010, 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.

The Corporation'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. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources and the historical estimate should not be relied upon.

RESULTS OF OPERATIONS

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 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 decision by the CTA provided 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.

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 provides free passage to NML's employees and permits 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.

SUBSEQUENT EVENTS

Board change

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.

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, 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.

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 data has been received and is being reviewed and interpreted by a geophysical consultant.

The preliminary interpretation of the data indicates 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 enriched DSO deposits.

The second phase of the survey, an airborne magnetometer survey over the claims and licences covering magnetic taconite formations, is underway. Follow-up ground work is planned for the next summer season over both DSO and taconite claims.

FINANCIAL CONDITION

The following discussion of the Company's financial performance is based on the unaudited Interim Consolidated Financial Statements as of September 30, 2010 ("financial statements") set forth herein. As discussed in Note 1 to the financial statements, they are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern. Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The unaudited Interim Consolidated Balance Sheet as of September 30, 2010 indicates cash and cash equivalents of $7,429,684, treasury bills and term deposits of $12,171,213, sales taxes receivable and prepaid expenses of $308,274 and the current portion of tax credits and mining duties receivable of $1,659,038 resulting in total current assets of $21,568,209, an increase of $9,805,703 from December 31, 2009. The long-term assets are comprised of the long-term portion of tax credits and mining duties receivable of $1,446,904, mineral properties of $30,892,013, mineral properties held for sale of $19,363,522, property and equipment of $207,757 and advances on contracts of $668,976. The total assets are $74,147,381 which is an increase of $15,981,263 from December 31, 2009.

Current liabilities at September 30, 2010 are composed of accounts payables and accrued liabilities of $4,631,343, with no long-term liabilities, for total liabilities of $4,631,343, an increase of $3,211,419 from December 31, 2009. Shareholders' equity of $69,516,038 increased by $12,769,844 from December 31, 2009, and is comprised of capital stock of $85,133,149, capital stock to be issued of $165,000, contributed surplus of $5,545,137 and non-controlling interest of $475,000 less the deficit of $21,802,248.

Working capital at September 30, 2010 of $16,936,866 is an increase of $6,283,283 from the December 31, 2009 total of $10,653,583.

The increase in working capital is mainly due to the proceeds from the May 17, 2010 private placement with Tata Steel that was invested in 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 the increase in shareholders' equity. The Company used these proceeds and its cash and cash equivalents to pay its accounts payable and fund its operations and continuing developments 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 third quarter, there was $1,945,107 of capitalized mineral property expenditures, net of Québec tax credits and mining duties that were mainly related to post-feasibility study work on the DSO project. As at September 30, 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 three months ended September 30, 2010, the Company realized a net loss of $6,565,782, or $0.04 per share, compared to a net loss of $572,040 or $0.00 per share for the corresponding period in 2009. This loss represents operating expenses of $6,584,675, (2009 - $839,573) net of investment income of $18,893 (2009 - $12,500), and future income taxes recovery of nil (2009- $255,033). The increase in net loss when compared to the same period in 2009 is mainly due to the $5,930,000 of professional fees that were incurred when Tata Steel exercised their option on the DSO properties.

The Company expects to continue incurring operating losses until it is operating 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, totaling $50,255,535 as outlined in Note 6 to the September 30, 2010 financial statements, have been classified as mineral properties. The expenditures are divided between the properties as follows: DSO Properties $19,363,522, LabMag Property $21,601,700, KéMag Property $8,398,034 and Other Properties $892,279. The cost centers for these capitalized expenditures are: mineral licenses $4,122,777, resource evaluation $20,929,054, drilling $18,576,377, environmental $11,993,801, amortization of property and equipment $31,221 and other $274,715. These expenditures are partially offset by tax credits and mining duties of $5,672,410. 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 September 30, 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 by paying the Company 80% of the Company's costs incurred to the exercise date to advance the DSO Properties. All the DSO Properties will 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 January 31, 2011.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended September 30, 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.

	Sept-10	**Jun-10**	**Mar-10**	**Dec-09**	**Sept-09**	**Jun-09**	**Mar-09**	**Dec-08**

Investment Income	18,893	4,736	4,233	28,049	12,500	53,783	45,954	147,106
Net Income (Loss)	(6,565,782)	(674,159)	(582,389)	181,780	(572,040)	(269,792)	(1,648,211)	(3,126,558)
Income (Loss) Per Share (1)	(0.04)	(0.00)	(0.00)	0.00	(0.00)	(0.00)	(0.01)	(0.02)

(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.

THIRD QUARTER RESULTS

For the three-month period ended September 30, 2010, general and administrative expenses, professional fees, market development and other expenses were $6,584,675, compared to $839,573 for the corresponding period in 2009. The most significant item affecting the third quarter's net loss is professional fees of $6,149,874 compared to $295,170 for the corresponding period in 2009. This increase is due to $5,930,000 of professional fees incurred that related to investment banking activities on Tata Steel's exercise of their option. As a result the Company's net loss for the third quarter ended September 30, 2010 totalled $6,565,782 ($0.04 per share) compared to a net loss of $572,040 ($0.00 per share) for the comparative period in 2009.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

Recently adopted and amended standards

Please refer to Note 3 of the September 30, 2010 financial statements for an extended description of the changes in accounting policies since December 31, 2009.

FUTURE ACCOUNTING CHANGES

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's work plan currently has projects underway that may result in amendments to pronouncements that continue to evolve IFRS, and, as a result, IFRS as at the transition date of January 1, 2010 may differ from its current form.

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 is substantially complete, 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 this year.

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. Minor amendments will be realized to the presentation of 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* intangible 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 does not expect to realize an impact as a result of these differences.
Income taxes	Recognition and measurement criteria for deferred income tax assets and liabilities differ. The Company is still currently evaluating the impact of these differences but does not expect to realize a significant impact as a result of these differences.
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 2010 or early 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.

As the Company's transition activities progress, disclosures of accounting policy differences is expected to increase. The Company will also ensure that its key stakeholders are continuously informed about the anticipated effects of the IFRS transition through its public disclosure documents which highlight such anticipated effects on the Company.

The Company will present 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, in 2010 the Company will track any 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 reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. 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, they are reviewed periodically and adjustments are made in the period in which they become known, if necessary. Actual results could differ materially from these estimates.

FINANCIAL INSTRUMENTS

Please refer to Note 13 of the September 30, 2010 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 various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 13 of the September 30, 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 funds available to continue operations and development programs for at least the next twelve months ending September 30, 2011. The Company is not subject to any externally imposed capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at September 30, 2010 increased from December 31, 2009 by $6,283,283 to $16,936,866 due to the cash and cash equivalents and treasury bills and term deposits purchased during the nine months ended September 30, 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 receivables and prepaid expenses and current portion of tax credits and mining duties receivable net of accounts payable and accrued liabilities.

Capital Expenditures

There was $213,754 in capital expenditures during the first nine months of 2010 compared to $30,905 in the corresponding period in 2009.

Capital Resources

At September 30, 2010, NML has paid up capital of $85,133,149 (December 31, 2009 - $64,859,075) representing 148,042,273 (December 31, 2009 – 132,901,559) common shares , capital stock to be issued with an estimated value of $165,000 representing approximately 172,000 common shares (December 31, 2009 – Nil) and a deficit of $21,802,248 (December 31, 2009 - $13,979,918) that is partially offset by contributed surplus of $5,545,137 (December 31, 2009 - $5,392,037) and non-controlling interest of $475,000 (December 31, 2009 – $475,000) resulting in shareholders' equity of $69,516,038 (December 31, 2009 - $56,746,194).

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 12 of the September 30, 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 6 of the September 30, 2010 Interim 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 Company's Interim Consolidated Financial Statements were general and administration expenses of $370,788 (2009 – $423,422) for the three months ended September 30, 2010, comprised as follows: salaries and benefits $176,556 (2009 - $193,909), office and administration $145,657 (2009 – $182,713), and office rent $48,575 (2009 - $46,800).

MARKET OUTLOOK

Iron Ore market:

The world crude steel production continued to grow robustly due to improved demand and an inventory built up by steelmakers. Crude steel production during the first nine months of 2010 was 19% higher compared to during the same period in 2009. Chinese Steel production in 2010 was set to reach over 630 Mt with the production reaching 474Mt during the first 9 months, which is 13% higher than 2009 production for the same period. However, the momentum of growth of the Chinese steel industry has slowed down since July. In order to meet its energy efficiency target, the Central Government has mandated electricity supply cut in some of China's key steel producing regions. This has resulted in reductions in steel production. It also appears that the fiscal tightening measures adopted by the Government to cool speculations in the property market have effectively slowed the country's industrial growth. Despite the mandated cut in steel production, the Chinese steel inventory has barely fallen, but prices continued to remain under downward pressure. Demand outlook remains slow into Q4 for both structural, as well as, seasonal reasons.

After reaching a yearly low of US$ 115 CIF China in mid July, iron ore spot prices recovered in Q3. Since the prices fell below the production costs of some high cost Chinese mines, demand started to firm up as mills turned to higher quality imported ores. In addition to the rising Chinese demand, supplies became tight because of reduced shipments from the Goa region due to the onset of the monsoon season. Exports from India were further reduced because of the measures taken by the State Governments to stop illegal mining. The State of Karnataka banned exports outright to discourage illegal transport of the ore to export destinations. The tight supplies put an upward pressure for spot prices CIF China to rise to US$ 148 by mid August. The spot prices have remained stable as Chinese steelmakers refrained from excessive buying because of the continued weakness in the steel market.

At the end of August, it became evident that the weakness in the spot prices in Q3 compared to Q2 would result in a lower benchmark price in Q4. The miners have adopted a pricing formula based on the spot price indices of last quarter which were used to set the benchmark price for the next quarter. This index referenced benchmark price setting mechanism is known as QALOM or Quarterly-in-Arrears–Less-One-Month. The spot reference prices during the months of June-July-August were used to determine the benchmark price for Q4. Since CIF China Spot index was US$ 135 in Q3 compared to US$159 in Q2, the Q3 benchmark price was set to fall at least by 11%. At the end of September, BHP announced a reduction of 13% in the Q4 reference price compared to Q3. This translated to US$ 127 FOB Australia or US$ 136 CIF China. Global steelmakers stood to benefit from a 13% reduction in the Q4 benchmark price.

Outlook:

It appears that the global steel producers are coming to terms with the newly installed market driven pricing mechanism. Some of the steelmakers are considering various types of derivatives to deal with the volatility of the quarterly price setting system compared to annual benchmark pricing. Mining companies are now talking about a monthly benchmark pricing system in order to be more responsive to the changes in spot market prices. Some Analysts believe that the current QALOM will be replaced by a monthly system in 2011. The Chinese steelmakers have also adjusted to the new system, by buying at the benchmark price when spot prices are higher and reneging the contract if the spot price falls below the benchmark price. Due to continued export restrictions from India and slowdown of domestic mining in China during harsh winter months, the average CIF spot prices to China are expected to remain around US$ 140 range in Q4. As a result, QALOM is heading towards a Q1 2011 rollover.

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 and expects to enter into 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 in market capitalization and the inability 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 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 2009 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 September 30, 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 September 30, 2010: The Company has 148,042,273 common shares issued ($85,133,149).

(c) Issued as of November 18, 2010: The Company has 148,752,273 common shares issued ($85,755,174).

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 November 18, 2010, there were 11,456,000 common shares reserved for issuance pursuant to the exercise of stock options (September 30, 2010 – 12,191,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
25,000	$0.76	06-Apr-11
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
25,000	$0.73	19-Nov-12
1,500,000	$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
2,300,000	$0.37	20-Jan-14

Number of Outstanding Options	Exercise Price	Expiry Date
33,000	$0.65	09-Oct-14
49,000	$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

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 Third Quarter Report.