New Millennium Iron Corp.
Unaudited Condensed Interim
Consolidated Financial Statements
March 31, 2013

Financial Statements

New Millennium Iron Corp.

Condensed Interim Consolidated Statement of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	March 31, 2013	December 31, 2012
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	25,412,158	8,514,976
Short-term investments (Note 6)	38,858,313	59,332,129
Sales taxes, other receivables and prepaid expenses (Note 14)	2,692,624	3,097,908
Tax credits and mining duties receivable	9,122,677	4,365,646
	76,085,772	75,310,659
Non-current assets		
Tax credits and mining duties receivable	1,365,480	5,820,468
Deposits on contracts	1,317,009	2,813,384
Other assets (Note 7)	19,286,838	19,253,723
Long-term investment (Note 8)	31,542,605	31,543,605
Mineral exploration and evaluation assets (Note 9)	55,741,517	54,141,322
Property and equipment	737,954	482,069
Total assets	186,077,175	189,365,230
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables (Note 15)	4,850,737	7,755,190
Advance from Tata Steel (Note 9 and 15)	4,135,984	4,516,300
	8,986,721	12,271,490
Non-current liabilities		
Due to NNK Trust	285,324	285,324
Total liabilities	9,272,045	12,556,814
EQUITY		
Share capital (Note 10)	177,163,322	175,877,147
Contributed surplus	17,243,995	16,531,035
Deficit	(17,840,538)	(15,839,117)
Equity attributable to shareholders of the parent Company	176,566,779	176,569,065
Non-controlling interest	238,351	238,351
Total equity	176,805,130	176,807,416
Total liabilities and equity	186,077,175	189,364,230

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Approved and authorized for issue by the Board of Directors on May 13, 2013 and signed on their behalf by:

/S/ Dean Journeaux
Director

/S/ Pierre Seccareccia
Director

New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Comprehensive Income

(Unaudited)

Three months ended March 31, 2013 and 2012
(Expressed in Canadian Dollars)

	2013	2012
	$	$
Service fee revenue	105,721	289,593
Expenses		
General and administrative (Note 11)	2,302,875	2,797,246
Loss before other items	(2,197,154)	(2,507,653)
Other items		
Other income	2,050	–
Investment income	193,683	315,225
	195,733	315,225
Net loss and comprehensive loss	(2,001,421)	(2,192,428)
Attributable to:		
Non-controlling interest	–	–
Shareholders of the parent Company	(2,001,421)	(2,192,428)
Net loss and comprehensive loss	(2,001,421)	(2,192,428)
Loss per share - basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding	179,942,868	177,547,599

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

New Millennium Iron Corp.
Condensed Interim Consolidated Statement of Changes in Equity

Three months ended March 31, 2013 and 2012
(Expressed in Canadian Dollars)

	Share Capital						
	Number of Shares Issued and Fully Paid	Amount $	Contributed Surplus $	Deficit $	**Total Attributable to Shareholders of the parent Company $**	Non Controlling Interest $	**Total Equity $**
Balance at January 1, 2012	**176,267,964**	**172,344,038**	**12,665,152**	**(6,776,898)**	**178,232,292**	**238,351**	**178,470,643**
Net loss	-	-	-	(2,192,428)	**(2,192,428)**	**-**	**(2,192,428)**
Share-based remuneration							
- employees and directors	-	-	1,749,798	-	**1,749,798**	**-**	**1,749,798**
- consultants	-	-	30,160	-	**30,160**	**-**	**30,160**
Share capital issued	233,682	338,558	-	-	**338,558**	**-**	**338,558**
Exercise of stock options	1,528,500	1,623,679	(630,604)	-	**993,075**	**-**	**993,075**
Balance at March 31, 2012	**178,030,146**	**174,306,275**	**13,814,506**	**(8,969,326)**	**179,151,455**	**238,351**	**179,389,806**
Balance at January 1, 2013	**179,221,646**	**175,877,147**	**16,531,035**	**(15,839,117)**	**176,569,065**	**238,351**	**176,807,416**
Net loss	-	-	-	(2,001,421)	**(2,001,421)**	**-**	**(2,001,421)**
Share-based remuneration							
- employees and directors	-	-	1,111,853	-	**1,111,853**	**-**	**1,111,853**
- consultants	-	-	91,307	-	**91,307**	**-**	**91,307**
Exercise of stock options	1,007,500	1,286,175	(490,200)	-	**795,975**	**-**	**795,975**
Balance at March 31, 2013	**180,229,146**	**177,163,322**	**17,243,995**	**(17,840,538)**	**176,566,779**	**238,351**	**176,805,130**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

New Millennium Iron Corp.

Condensed Interim Consolidated Statement of Cash Flows

(Unaudited)
Three months ended March 31, 2013 and 2012
(Expressed in Canadian Dollars)

	2013	2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss and comprehensive loss	(2,001,421)	(2,192,428)
Adjustments for:		
Share-based remuneration		
- Employees and directors	1,111,853	1,749,798
- Consultants	91,307	30,160
Depreciation of property and equipment	73,830	13,523
Interest income	(193,683)	(315,225)
	(918,114)	(714,172)
Net changes in working capital items (Note 14)	241,561	264,827
Cash flows used by operating activities	(676,553)	(449,345)
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemptions (purchases) of short term treasury bills, term deposits and GIC's	3,418,765	(11,107,550)
Purchase of bonds and GIC's with maturities over one year	-	(11,300,000)
Redemption of bonds and GIC's with maturities over one year	16,844,692	-
Interest received	404,044	196,549
Deposits on contracts	(106,819)	(364,260)
Increase in other assets	(33,115)	-
Acquisition of property and equipment	(329,715)	(36,880)
Decrease in advance from Tata Steel	(380,316)	-
Tax credits and mining duties received	-	1,601,612
Additions to mineral exploration and evaluation assets	(5,096,385)	(5,297,075)
Allocation of Tata Steel payment to mineral exploration and evaluation assets	2,056,609	2,168,614
Cash flows provided (used) by investing activities	16,777,760	(24,138,990)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common shares	795,975	1,331,633
Cash flows provided by financing activities	795,975	1,331,633
Net (decrease) increase in cash and cash equivalents	16,897,182	(23,256,702)
Cash and cash equivalents, beginning of period	8,514,976	31,116,221
Cash and cash equivalents, end of period	25,412,158	7,859,519

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company" or "NML") are the exploration and evaluation of mineral properties. The Parent Company was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003.

The address of the Company's executive office is 2nd floor, 1303 Greene Avenue, Westmount, Quebec, H3Z 2A7 and its head office is 800, 734 – 7 Avenue SW, Calgary, Alberta, T2P 3P8 and its registered and records office is 1000, 250-2nd Street SW, Calgary, Alberta, T2P OC1.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited condensed interim consolidated financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2012, as they follow the same accounting policies and methods of application, except for the following new accounting pronouncements which have been adopted on January 1, 2013:

IFRS 7 Financial Instruments – Disclosures
The amendment contains new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position or subject to master netting arrangements or familiar agreements. These new disclosure requirements will enable users of the financial statements to better compare financial statements prepared in accordance with IFRS. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

IFRS 13 Fair Value Measurement
IFRS 13 defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 applies when other IFRSs require or permit fair value measurements. It does not introduce any new requirements to measure an asset or a liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. The adoption of this new standard did not result in any changes of the unaudited interim condensed consolidated financial statements.

IAS 1 Presentation of Items of Other Comprehensive Income
These amendments included a requirement for entities to group items presented in Other Comprehensive Income ("OCI") on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment), and emphasize the importance of presenting profit or loss and OCI together and with equal prominence. The amendment is effective for annual periods starting on or after July 1, 2012. The adoption of this amendment did not result in any changes to the unaudited interim condensed consolidated financial statements.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidation standards

In May 2011, the International Accounting Standards Board published four new and amended standards addressing the accounting for consolidation, involvements in joint arrangements and disclosure of involvements with other entities as listed below:

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements*, and Standing Interpretations Committee Interpretation 12, – *Consolidation - Special Purpose Entities,* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. Under IFRS 10, control is based on whether an investor has: 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns. The adoption of this new standard did not result in any changes to the unaudited interim condensed consolidated financial statements.

IFRS 11 Joint Arrangements
IFRS 11 replaces the guidance on "Joint ventures" in IAS 31. The new standard introduces a principles-based approach to accounting for joint arrangements that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. The new standard requires that joint ventures be accounted for under the equity method thus eliminating the option to proportionally consolidate such ventures. The Company does not currently have any joint arrangements and as such, the adoption of this standard did not result in any changes to the unaudited interim condensed consolidated financial statements.

IFRS 12 Disclosures of Involvement with Other Entities
IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard did not result in any changes to the unaudited interim condensed consolidated financial statements.

Basis of presentation

The condensed interim consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets, and discharge its liabilities in the normal course of operations.

Basis of measurement

The consolidated financial statements are prepared using the historical cost basis, except for certain financial instruments that are recognized at fair value. These consolidated financial statements are presented in Canadian dollars ($), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

3 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim consolidated financial statements requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 3 of the Company's 2012 annual financial statements and are still applicable for the period ending March 31, 2013.

4 - STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the period ended March 31, 2013. Accordingly, they have not been applied in preparing these condensed interim consolidated financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

The standards issued but not yet effective that are expected to be relevant to the Company's consolidated financial statements are provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's consolidated financial statements.

IAS 32 Financial Instruments: Presentation
IAS 32 was amended by the IASB in December 2011. The amendment clarifies that an entity that has a legally enforceable right to offset financial assets and financial liabilities if that right is not contingent on a future event and it is enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, with earlier adoption permitted.

IFRS 9 Financial Instruments classification and measurement
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. Guidance is also provided on financial liabilities and de-recognition of financial instruments. This new standard is effective for years beginning on or after January 1, 2015 and management has not yet determined the impact that the application of this standard will have on the consolidated financial statements.

(Expressed in Canadian Dollars)

5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	March 31, 2013 $	December 31, 2012 $
Cash in bank	10,056,337	7,308,847
Money market funds	1,210,580	1,206,129
Short term investments	14,145,241	-
	25,412,158	8,514,976

At March 31, 2013 and December 31, 2012, the money market funds have no specific maturity date, bear interest at 1.5% and can be sold at any time. The short term investments consist of GIC's, treasury bills and bonds having original maturities of three months or less from the acquisition date that are readily convertible into known amounts of cash. The GIC's mature between April and June 2013 and bear interest between 1.53% and 1.58%. The treasury bill matures April 2013 and bears interest at 0.99%. The bonds mature in April and May 2013 and bear interest between 1.12% and 1.13%.

6 - SHORT-TERM INVESTMENTS

At March 31, 2013, investments include:

Security	Carrying Value $	Maturity	Interest Rate
GIC's	13,652,817	Between April 2013 and March 2014	Between 1.55% and 2.19%
Treasury Bills	12,585,583	Between June and July 2013	Between 0.5% and 1.07%
Promissory Note	5,062,136	July 2013	1.07%
Bonds	7,557,777	June 2013	Between 1.00% and 1.04%
	38,858,313		

At December 31, 2012, investments include:

Security	Carrying Value $	Maturity	Interest Rate
GIC's	19,619,987	Between January and September 2013	Between 0.5% and 2.19%
Treasury Bills	20,580,284	Between January and June 2013	Between 0.97% and 1.11%
Promissory Note	5,048,890	July 2013	1.07%
Bonds	14,082,968	Between February and June 2013	Between 1.00% and 1.18%
	59,332,129		

(Expressed in Canadian Dollars)

6 - SHORT-TERM INVESTMENTS (continued)

Included in the above investments are GIC's of $7,601,951 (At December 31, 2012 – $7,575,045) and a promissory note of $5,062,136 (At December 31, 2012 – $5,048,890) that are classified as available for sale.

As disclosed in Notes 7 and 16, NML has provided investments as security for irrevocable letters of credit totalling $19,436,000. Security was granted on treasury bills with carrying values of $12,538,629, a promissory note with a carrying value of $5,062,231 and bonds with carrying values of $7,577,777.

7 - OTHER ASSETS

On July 13, 2012, the Company entered into an agreement with the Sept Iles Port authority ("Port Authority") providing NML with access to a new multi user deep water dock facility. As part of the agreement, NML has a minimum annual shipping capacity of 15 million tons a year for 20 years, with options to renew for four more five year terms. Construction of the port is expected to be completed in 2014. NML's buy-in for this agreement is calculated at $38,372,000. Of this amount, $19,186,000 (50%) was disbursed on July 16, 2012 and is reflected in these financial statements as other assets. The remaining 50%, or $19,186,000, is due July 2013 for which NML has provided the Port Authority with an irrevocable letter of credit as described in Note 16. As a result of these payments, NML will have access to the dock facility at favourable shipping rates.

8 - LONG-TERM INVESTMENT

	March 31, 2013 $	December 31, 2012 $
TSMC	31,542,605	31,542,605

This represents a 20% ownership interest in Tata Steel Minerals Canada Ltd. ("TSMC").

Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") will arrange funding of the capital costs of DSO properties development up to $300 million and has committed to purchase, at world prices, 100% of DSO's iron ore production meeting certain quality specifications for the life of the mining operation. At statement date, there has been no request made to the Company to contribute capital to TSMC and it is premature to anticpate that a request will be made in within the next 12 months.

New Millennium Iron Corp.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)
March 31, 2013
(Expressed in Canadian Dollars)

9 - MINERAL EXPLORATION AND EVALUATION ASSETS

	LabMag Property $	**KéMag Property $**	**Lac Ritchie Property $**	**Perault Lake Property $**	**Sheps Lake Property $**	**Other Properties $**	**Balance as at Mar. 31 2013 $**	**Balance as at Dec. 31 2012 $**
Balance, at December 31, 2012	24,319,885	14,313,040	2,385,040	4,674,938	1,098,842	7,349,577	-	-
Mineral licenses	-	2,944	-	-	75	15	2,799,446	2,796,412
Drilling	18,105	40,264	2,506	34,535	4,092	219,913	33,601,357	33,281,942
Resource evaluation	2,269,074	520,083	1,016	12,367	19,069	39,081	31,381,970	28,521,280
Environmental	304,604	471,104	-	25,000	-	(25,000)	16,236,488	15,460,780
Amortization of property and equipment	-	-	-	-	-	-	102,288	102,288
	2,591,783	1,031,451	3,522	71,902	23,161	233,994	81,322,103	77,366,290
Tax credits and mining duties	-	(244,591)	(1,538)	-	-	(55,914)	(11,781,793)	(11,479,750)
Tata Steel payment	(1,605,480)	(451,129)	-	-	-	-	(16,598,239)	(14,541,630)
	(1,605,480)	(695,720)	(1,538)	-	-	(55,914)	(28,380,032)	(26,021,380)
Balance, at March 31, 2013	**25,306,188**	**14,651,715**	**2,387,024**	**4,746,840**	**1,122,078**	**7,527,672**	**55,741,517**	**54,141,322**

(Expressed in Canadian Dollars)

9 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

Overview

The Company holds interests in 2,911 claims distributed between properties in Newfoundland and Labrador ("NL") and Québec. Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LabMag Limited Partnership ("LLP") are owned 80% by the Company through its 80% interest in LLP.

Province	Ownership	LabMag Property	KéMag Property	Lac Ritchie Property	Perault Lake Property	Sheps Lake Property	Other Properties	Total
NL	NML	-	-	-	371 [92.8km^2]	-	608 [152 km^2]	979 [244.8 km^2]
	LLP	256 [64 km^2]	-	-	-	198 [49.5 km^2]	322 [80.5 km^2]	776 [194 km^2]
Québec	NML	-	171 [80.9 km^2]	263 [127.5 km^2]	-	-	722 [344.6 km^2]	1,156 [553 km^2]
Total		**256** [64 km^2]	**171** [80.9 km^2]	**263** [127.5 km^2]	**371** [92.8km^2]	**198** [49.5 km^2]	**1,652** [577.1 km^2]	**2,911** [991.8 km^2]

Although the Company has taken steps to verify title to the mining properties in which it holds an interest, in accordance with industry practice for the current stages of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and restrictions arising from regulatory requirements.

LabMag Property:
The LabMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the town of Schefferville, Québec. A Pre-Feasibility Study completed in 2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a ferroduct to a 15 million ton per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for shipment. The property is now subject to a bankable feasibility study under the arrangement summarised in the Taconite binding heads of agreement ("Binding HOA") presented below.

KéMag Property:
The KéMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Lac Harris, Québec. The property, situated in the Kativik Region in northern Québec, is centered about 50 km to the northwest of Schefferville. A Pre-Feasibility Study was completed in 2009 on this Project based on a mining operation and concentrator located at Lac Harris with an estimated annual production rate of 21.2 million tonnes of concentrate. The concentrate is proposed to be shipped by a ferroduct to a 15 million tonnes per year pellet plant located in Sept-Îles, Québec, where it is estimated in the study to be sufficient to feed the pellet plant and provide 7 million tonnes per year of concentrate for shipment in addition to 15 million tonnes per year of pellets. The property is now subject to a bankable feasibility study under the arrangement summarised in the Binding HOA presented below.

9 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

Lac Ritchie Property:
The Lac Ritchie Property is located approximately 134 km northwest of Schefferville and approximately 70 km northwest of the KéMag deposit in Québec. NML conducted Phase 1 drilling in 2011 by drilling 40 holes for a total of 3,810 m, on a 1.0 km X 0.5 km grid. Based on the results of drilling, NML engaged SGS Canada Inc. to provide a NI 43-101 compliant Technical Report on the Mineral Resource Estimates for the property resulting in a resource estimation of 3.330 billion tonnes of Indicated and 1.437 billion tonnes of Inferred Resources.

Perault Lake Property:
The Perault Lake Property is located in NL, immediately south of the Sheps Lake Property, approximately 17 km southwest of Schefferville. NML in 2012 carried out Phase 1 program by drilling 48 holes for a total of 3,890.8 m. Based on the results of the drilling, SGS Canada Inc. was engaged by NML to conduct a NI 43-101 compliant resource estimation resulting in 1.612 billion tonnes of Indicated and 0.507 billion tonnes of Inferred Resources.

Sheps Lake Property:
The Sheps Lake Property is located in NL, south of the LabMag property and is approximately 18 km west-south-west of Schefferville. NML conducted Phase 1 drilling in 2012 with 23 holes for a total of 1,920.1 m. SGS Canada Inc. conducted NI 43-101 compliant resource estimation, using the drilling results, which showed 1.967 billion tonnes of Indicated and 0.289 billion tonnes of Inferred Resources.

Other Properties
The remaining claims and licences, 100% owned by NML, include holdings of potential magnetic taconite areas and dolomite as well as the site of the potential Emeril pellet plant. The other taconite areas in NL are Howells Lake along with the adjoining licenses and the Wishart Creek taconite. In the Howells Lake area in 2012, NML carried out Phase 1 drilling with 43 holes totalling 6561.7 m. SGS Canada Inc. is currently engaged in NI 43-101 compliant resource estimation. The Howells Lake area comprises 122 contiguous claims with an area of 30.5 km^2, and is approximately 24.5 km northwest of Schefferville.

In 2012, three exploration holes were drilled in the Wishart Creek area for a total of 306 m.

The other taconite areas, owned 80% through LLP, are the Howells River North and the adjoining licences and the Irony Mountain taconite. In 2012, NML drilled 10 holes for a total of 1,114.5 m in the Howells River North Property. Currently an NI 43-101 compliant resource estimate is being prepared for the property. The remaining claims include holdings of potential magnetic taconite in the Millennium Iron Range.

Taconite Binding Heads of Agreement
On March 6, 2011, the Company signed the Binding HOA with Tata Steel in respect of the LabMag Project and the KéMag Project (collectively referred to as the “Taconite Projects”). Under the Binding HOA, Tata Steel shall participate in the development of the Company’s feasibility study of these projects. In exchange for an option to own a portion of the Taconite Projects, Tata Steel will pay the Company an amount equal to 64% of the costs to complete the feasibility study. After completion of the feasibility study, the option will allow Tata Steel four months to make an investment decision involving the development of either one or both of the projects. If Tata Steel exercises its option then it will pay the Company 64% of the costs incurred prior to the feasibility study to advance the project(s).

9 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

As at March 31, 2013, NML has received $23,810,000 (December 31, 2012 - $21,470,000) from Tata Steel on account of the option. At March 31, 2013, $16,598,239 has been recorded as a reduction of the expenditures capitalized for the mineral exploration and evaluation assets, $14,541,630 up to 2012 and an additional $2,056,609 during the three months ended March 31, 2013. An additional $3,075,777 has been recorded as a reduction of general and administrative expenses, $2,412,070 up to 2012 and an additional $663,707 during the three months ended March 31, 2013. The amount received in excess of these amounts at March 31, 2013 of $4,135,984 (December 31, 2012 - $4,516,300) is recorded as an advance from Tata Steel. These advances are non-interest bearing and are expected to be reduced through payments for the cost of the feasibility study and reimbursement of general and administrative expenses.

10 - EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares, without nominal or par value

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

SHARE-BASED PAYMENTS

Stock options

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

(Expressed in Canadian Dollars)

10 - EQUITY (continued)

A summary of the Company's stock options are as follows:

	3 month period ended March 31, 2013		Year ended December 31, 2012	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of period	14,940,000	1.60	13,455,000	1.51
Granted	402,000	1.23	4,535,000	1.43
Exercised	(1,007,500)	0.79	(2,720,000)	0.72
Expired	(250,000)	1.44	-	-
Forfeited	-	-	(330,000)	2.50
Balance, end of period	14,084,500	1.65	14,940,000	1.60
Options exercisable, end of period	7,198,000	1.44	8,067,000	1.35

The share-based payments expense during the three-month period ended March 31, 2013 was $1,203,159 ($1,779,958 in 2012) and is included in general and administrative expenses. The weighted average fair value of options granted during the three-month period ended March 31, 2013 was $0.86 per share ($1.38 per share in 2012). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The forfeiture rate used was decreased to 2.5% in 2013, compared with 2.9% in 2012. The following weighted-average assumptions were used:

	March 31, 2013 3 months	March 31, 2012 3 months
Exercise price at date of grant	$1.23	$2.09
Share price at date of grant	$1.23	$2.09
Risk-free interest rate	1.48%	1.36%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	93.71%	83.08%
Dividend yield	Nil	Nil

The underlying expected volatility was determined by reference to historical data of the parent Company's common shares over five years. No special features inherent to the options granted were incorporated into measurement of fair value.

11 - INFORMATION INCLUDED IN INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended March 31, 2013 $	Three months ended March 31,2012 $
Employee benefit expense		
Wages, salaries and other short-term benefits	722,743	676,744
Stock-based payments	1,111,853	1,749,798
Employee benefit expense	1,834,596	2,426,542
Other elements of expenses		
Depreciation of property and equipment	73,830	13,523

12 - INCOME TAXES

Deferred income taxes arise from temporary differences between accounting values and tax base values of various net capital assets of the Company. In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. As at March 31, 2013, the future tax benefits from the future income tax assets, which arose as a result of applying the losses and non-capital losses carried forward to taxable income, have not been recognized in these accounts due to uncertainty regarding their utilization.

13 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to and manages various financial risks in relation to financial instruments. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

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

Exchange risk

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

A $0.01 increase or decrease in the USD/CAD, the Euro/CAD or the AUD/CAD exchange rates would not have a material impact on net loss or equity at March 31, 2013 or December 31, 2012.

The sensitivity analysis is based on the Company’s foreign currency financial instruments held at each reporting date. Exposure to foreign exchange rates varies during the year depending on the volume of foreign transactions. Nonetheless, the analysis above is considered to be representative of the Company’s exposure to exchange risk.

Interest rate risk

The cash equivalents and short-term investments bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The risk is limited because these assets involve lower risk securities such as, GIC’s, treasury bills and bonds with relatively short maturities all either issued by or backed by Canadian Federal and Provincial governments or their crown corporations. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at March 31, 2013. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

Management maintains sufficient amounts of cash and cash equivalents to meet the Company’s commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented. The advance from Tata Steel and Due to NNK Trust do not have any contractual maturities.

Over the past three months, the Company has financed its exploration expense commitments and its working capital requirements through equity financings and payments from Tata Steel on account of its option on the Taconite Projects.

(Expressed in Canadian Dollars)

13 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

Credit risk

The Company manages third party credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and investments are held through three Canadian chartered banks and their subsidiaries and two independent investment dealers with high quality external credit ratings and the instruments have been issued or guaranteed by Canada or the provinces and management believes the risk of loss to be remote.

The Company is also exposed to credit risk relating to its receivable from TSMC and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness.

The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets after deducting applicable allowances for loss recognized at the reporting date, of which there are none at any of the periods presented.

14 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	March 31, 2013 $	March 31, 2012 $
Sales taxes, other receivables and prepaid expenses	405,284	(202,457)
Trade and other payables	(163,723)	467,284
	241,561	264,827

Included in trade and other payables is an amount of $3,940,315 (March 31, 2012 - $5,716,243) pertaining to additions to mineral exploration and evaluation assets. Included in the cash flows used by deposits on contracts is $1,603,194 (March 31, 2012 - $257,495) pertaining to mineral exploration and evaluation assets.

15 - RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties and key management are disclosed below.

(Expressed in Canadian Dollars)

15 - RELATED PARTY TRANSACTIONS (continued)

Transactions with other related parties

Trading transactions

The related parties with which the Company has had transactions are as follows:

Related Party	Nature of relationship	Nature of transaction
Davis LLP	Partnership in which a director is a partner	Legal services
Roll Harris & Associés	Partnership in which an executive officer is a partner	Consulting
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting
TSMC	Company controlled by Tata Steel	Service fee revenue and expenses
General Rick Hillier	Director	Consulting
Tata Steel	26.3% shareholder of NML	Advances and consulting fees
NNK Trust	20% Partner in LLP	Advances
Tata Steel UK Consulting Ltd.	Company under common control with Tata Steel	Consulting

The Company incurred the following revenue, fees and expenses in the normal course of operations in connection with the above companies and individuals. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Note	March 31, 2013 $	December 31, 2012 $
Consolidated Statement of Financial Position			
Mineral exploration and evaluation assets	(i)	645,555	503,417
Property and equipment		4,715	-
		3 months ended March 31, 2013 $	3 months ended March 31, 2012 $
Consolidated Net Loss and Comprehensive Loss			
Service fee revenue		105,721	289,593
General and administrative expenses	(i)	180,423	253,834

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

Other receivable related to advances to TSMC and service fee revenue charged to TSMC at March 31, 2013 was $2,344,718 (December 31, 2012 – $1,952,925).

Accounts payable related to the above transactions at March 31, 2013 were $989,112 (December 31, 2012 – $457,005).

The advance from Tata Steel at March 31, 2013 was $4,135,984 (December 31, 2012 – $4,516,300).

These amounts have not been discounted as the time-value of money is not material.

(Expressed in Canadian Dollars)

16 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 9 and in the interim consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares or flow-through shares. No changes were made in the objectives, policies and processes for managing capital during the period. The Company is not subject to any externally imposed capital requirements.

17 - COMMITMENTS AND CONTINGENCY

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

The Company has issued irrevocable letters of credit in the amount of $19,436,000 expiring in July 2013. These irrevocable letters of credit were issued by the Canadian Imperial Bank of Commerce and are secured by a $25,000,000 first-ranking hypothec on investments with a maximum maturity of 12 months, held at CIBC Wood Gundy, which are included in the Short-term investments described in Note 6.

In relation to NML's agreement with the Port Authority described in Note 7, the Company has a take or pay obligation based on a discounted rate applied on 50% of the 15 million tons minimum annual shipping capacity and is payable even if NML does not use the facilities.

The Company has entered into an agreement with a First Nation in connection with certain exploration and development programs in their area in return for contributions towards education and environmental activities and the improvement of community facilities.

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to $1,921,000 expiring in June 2017.

No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

Minimum obligations due over the next five years and thereafter are as follows:

	Operating Leases $	Consulting Agreements $	Letters of Credit $	Total $
Up to 1 year	368,000	241,000	19,436,000	20,045,000
1 to 5 years	1,297,000	15,000	-	1,312,000
Over 5 years	-	-	-	-
	1,665,000	256,000	19,436,000	21,357,000