New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Unaudited Interim Consolidated Financial Statements
March 31, 2011

Financial Statements

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New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Interim Consolidated Statement of Financial Position

(Unaudited)
(Expressed in Canadian Dollars)

	March 31, 2011	December 31, 2010	January 1, 2010
	$	$	$
ASSETS			
Current assets			
Cash and cash equivalents (Note 5)	8,047,748	12,002,984	9,650,874
Short-term investments (Note 6)	69,448,484	3,674,699	171,903
Sales taxes, other receivables and prepaid expenses (Note 7)	1,503,917	1,045,687	367,892
Tax credits and mining duties receivable	1,829,315	3,223,842	1,571,837
Mineral exploration and evaluation assets held for sale (Note 10)	22,166,280	22,060,670	-
	102,995,744	42,007,882	11,762,506
Non-current assets			
Tax credits and mining duties receivable	256,725	198,136	264,510
Long-term investments, bonds (Note 6)	19,671,333	-	-
Long-term investments, commercial paper (Note 8)	-	-	2,680,519
Advances on contracts	839,919	505,500	36,582
Property and equipment (Note 9)	184,877	186,933	43,528
Mineral exploration and evaluation assets (Note 10)	30,287,699	30,074,365	42,260,008
Total assets	154,236,297	72,972,816	57,047,653
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Trade and other payables (Note 11)	6,207,048	5,181,237	1,108,922
EQUITY			
Share capital (Note 12)	169,679,763	88,435,402	67,539,603
Share capital to be issued (Note 12)	-	203,813	-
Contributed surplus	8,558,653	6,590,582	5,831,822
Deficit	(30,684,167)	(27,913,218)	(17,907,694)
Equity attributable to shareholders of the Company	147,554,249	67,316,579	55,463,731
Non-controlling interest	475,000	475,000	475,000
	148,029,249	67,791,579	55,938,731
Total liabilities and equity	154,236,297	72,972,816	57,047,653

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

Approved by the Board of Directors on June 27, 2011 and signed on their behalf by:

/S/ Robert Martin
Director

/S/ Pierre Seccareccia
Director

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Interim Consolidated Statement of Comprehensive Income

(Unaudited)
Three months ended March 31, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
	$	$
Revenue	–	–
Expenses		
General and administrative (Note 13)	3,455,979	670,432
Loss before other items and income taxes	(3,455,979)	(670,432)
Other items		
Other income (Note 10)	600,000	–
Investment income	85,030	4,233
Change in fair value of long-term investments (Note 8)	–	168,000
	685,030	172,233
Loss before income taxes	(2,770,949)	(498,199)
Income taxes (Note 14)	-	-
Net loss and comprehensive loss	(2,770,949)	(498,199)
Attributable to:		
Non-controlling interest	–	–
Shareholders of the Company	(2,770,949)	(498,199)
Net loss and comprehensive loss	(2,770,949)	(498,199)
Loss per share - basic and diluted (Note 15)	(0.02)	(0.00)

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

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Interim Consolidated Statement of Changes in Equity

(Unaudited)
Three months ended March 31, 2011 and 2010
(Expressed in Canadian Dollars)

	Share Capital					**Total**		
	Number of Shares Issued and Fully Paid	Amount $	Share Capital to be Issued $	Contributed Surplus $	Deficit $	**Attributable to Shareholders of the Company $**	Non Controlling Interest $	**Total Equity $**
Balance at January 1, 2010	**132,901,559**	**67,539,603**	-	**5,831,822**	**(17,907,694)**	**55,463,731**	**475,000**	**55,938,731**
Loss and comprehensive loss for the period	-	-	-		(498,199)	**(498,199)**	-	**(498,199)**
Share-based remuneration								
- employees and directors	-	-	-	48,034	-	**48,034**	-	**48,034**
- consultants	-	-	-	15,799	-	**15,799**	-	**15,799**
Exercise of stock options	122,500	74,725	-	(29,400)	-	**45,325**	-	**45,325**
Balance at March 31, 2010	**133,024,059**	**67,614,328**		**5,866,255**	**(18,405,893)**	**55,074,690**	**475,000**	**55,549,690**
Balance at January 1, 2011	**148,752,273**	**88,435,402**	**203,813**	**6,590,582**	**(27,913,218)**	**67,316,579**	**475,000**	**67,791,579**
Loss and comprehensive loss for the period	-	-	-	-	(2,770,949)	**(2,770,949)**	-	**(2,770,949)**
Share-based remuneration								
- employees and directors	-	-	-	753,828	-	**753,828**	-	**753,828**
- consultants	-	-	-	91,899	-	**91,899**	-	**91,899**
Share capital issued	24,811,385	86,839,847	-	-	-	**86,839,847**	-	**86,839,847**
Share capital issued in lieu of cash								
- for legal expenses	212,306	203,813	(203,813)	-	-	-	-	**-**
Exercise of stock options	262,000	236,135	-	(92,055)	-	**144,080**	-	**144,080**
Share issue costs	-	(6,035,434)	-	1,214,399	-	**(4,821,035)**	-	**(4,821,035)**
Balance at March 31, 2011	**174,037,964**	**169,679,763**	**-**	**8,558,653**	**(30,684,167)**	**147,554,249**	**475,000**	**148,029,249**

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

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Interim Consolidated Statement of Cash Flows

(Unaudited)
Three months ended March 31, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(2,770,949)	(498,199)
Adjustments for:		
Share-based remuneration		
- Employees and directors	753,828	48,034
- Consultants	91,899	15,799
Depreciation of property and equipment	20,076	5,893
Change in fair value of long-term investments	-	(168,000)
	865,803	(98,274)
Net changes in working capital items (Note 18)	1,279,187	230,131
Cash flows used by operating activities	(625,959)	(366,342)
CASH FLOW FROM INVESTING ACTIVITIES		
Net purchases of short term treasury bills and term deposits	(65,773,785)	-
Purchase of Government of Canada bonds with maturities over one year	(19,671,333)	-
Redemption of long-term investments	-	1,785
Advances on contracts	(334,419)	-
Acquisition of property and equipment	(18,020)	(176,867)
Tax credits received	1,394,527	-
Additions to mineral properties	(1,154,958)	(1,935,116)
Cash flows used by investing activities	(85,557,988)	(2,110,198)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common shares	86,983,928	45,325
Share issue costs	(4,755,217)	-
Cash flows provided by financing activities	82,228,711	45,325
Net decrease in cash and cash equivalents	(3,955,236)	(2,431,215)
Cash and cash equivalents, beginning of period	12,002,984	9,650,874
Cash and cash equivalents, end of period	8,047,748	7,219,659

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

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

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

The address of the Company's registered and records office and its principal place of business is 1303 Greene Avenue, Westmount, Quebec, H3Z 2A7.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting", using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the financial year ending December 31, 2011.

These interim consolidated financial statements should be read in conjunction with the Company's 2010 annual financial statements, with consideration given to the International Financial Reporting Standards ("IFRS") transition disclosures included in Note 22 to these interim consolidated financial statements and the additional disclosures included herein.

These interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on June 27, 2011.

The significant accounting policies that have been applied in the preparation of these interim consolidated financial statements are summarized below.

These accounting policies have been used throughout all periods presented in the consolidated financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in Note 22.

Basis of presentation

The 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.

Given that the Company is in the process of transferring a mineral property to an entity that it will not control, and given that is has not yet determined whether its other mineral properties contain mineral deposits that are economically recoverable, and given that it is consequently not possible for it to reliably project cash inflows from operations, the Company's ability to continue as a going concern is largely dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The Directors have reviewed the Company's cash flow forecasts and operating projections as part of their consideration of going concern. Consideration has also been given to the Company's contractual capital commitments and planned development of future projects. The Directors are satisfied that the Company has sufficient liquidity and cash resources in order to meet its commitments and existing obligations.

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

(Unaudited)
March 31, 2011
(Expressed in Canadian Dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Further, management believes they will have sufficient funds available to continue operating and development programs at least until March 31, 2012. Accordingly, the going concern basis has been used in preparing the interim consolidated financial statements.

The carrying amounts of assets, liabilities, revenues and expenses presented in the consolidated financial statements and the classification used in the consolidated statement of financial position have not been adjusted as would be required if the going concern assumption was not appropriate.

Basis of measurement

The interim 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.

Basis of consolidation

These consolidated financial statements include the accounts of the parent and the entities controlled by the parent and its subsidiaries which include the following entities.

Entity	Principal activity	Country of incorporation and residence	Proportion of ownership interest and voting power held
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of the LabMag property	Canada	80%

In accordance with the LLP Partnership agreement between the Company, NNK Trust and GP, the Company is responsible for providing and arranging for all capital in excess of initial contributions of each partner and for the financing of all operating costs for exploration until commercial production commences.

Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated. All subsidiaries have an annual reporting date of December 31.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Where the Company controls a subsidiary whose equity (or a portion thereof) is not attributable directly or indirectly to the Company, the Company records non-controlling interest equal to its original cost plus its' attributable share of changes in equity since the date of acquisition. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the Company. Consequently in the consolidated financial statements, the Company consolidates 100% of assets, liabilities and losses of LLP and reflected the initial contribution of the Partner holding the 20% interest in the Partnership as a non-controlling interest.

At March 31, 2011, the Company owns 19% of Tata Steel Minerals Canada Ltd. ("TSMC") which was acquired at a cost of $19. As the Company has no significant influence on the activities of TSMC, this investment is recorded at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments having original maturities of three months or less from the acquisition date and that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Mineral exploration and evaluation assets

The Company is in the process of exploring and evaluating its mineral properties. The costs of exploration for and evaluation of mineral resources are capitalized as intangible assets pending the determination of the technical feasibility and commercial viability of extracting those resources and recovering the capitalized costs. The recoverability of amounts capitalized as exploration and evaluation assets is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development of economically recoverable reserves in the mineral properties, upon the renewal of the underlying mineral claims, the maintenance of the Company's interest in the underlying mining titles and compliance with filing obligations, and upon future profitable production of these reserves or the receipt of sufficient proceeds from the disposition thereof.

Exploration and evaluation assets include the cost of acquiring mineral rights and expenses directly related to the exploration for and evaluation of mineral resources. These costs are recognized as intangible assets and are carried at cost less related tax credits and credits on mining duties and any impairment loss recognized.

Pending the determination of the technical feasibility and commercial viability of extracting a mineral resource, the Company capitalizes mineral exploration and evaluation costs on an area of interest basis for activities directly attributable to:

- Costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects;
- Researching and analyzing existing exploration data;
- Conducting geological studies;
- Exploratory drilling and sampling;

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- Examining and testing extraction and treatment methods;
- Environmental assessments of the impact of the potential extraction and processing of the mineral resource; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Costs incurred before the legal right to undertake exploration and evaluation activities on a property are acquired and are recognized in profit or loss when incurred.

The accessory revenues earned over the exploration and evaluation period are recognized in profit or loss.

Mineral exploration and evaluation assets are not depreciated during the evaluation and exploration phase.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets of the related mining property are transferred to mining assets under construction within property and equipment or to assets held for sale depending on the development approach selected for the property in question.

When exploration and evaluation assets are reclassified as exploration and evaluation assets held for sale, they are revalued at the lower of their carrying amount or their fair value less cost to sell. Any loss arising from this revaluation is recognized in profit or loss.

If and when exploration and evaluation assets are reclassified as mining assets under construction, they are first tested for impairment and any impairment loss is recognized in profit or loss.

Whenever a mining property is considered no longer viable, or is abandoned, the related assets, including the mineral exploration and evaluation assets, are written down to their recoverable amounts and the difference is recognized immediately in profit or loss.

Upon transfer of exploration and evaluation assets into mining assets under construction, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mining assets under construction. When development stage is completed, all assets included in mining assets under construction are then transferred to mining assets and depreciated over the expected productive lives of the assets.

The cost of mineral exploration and evaluation assets that are acquired by exchanging other non-monetary assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. When the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Tax credits and mining credits on duties

In accordance with IAS 20, "Accounting for Government Grants and Disclosure of Government Assistance", tax credits and mining credits on duties are recognized as a reduction of the mineral exploration and evaluation assets during the period in which the costs are incurred, provided that the Company is reasonably certain the amounts will be received. Refundable credits on duties

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

under the Quebec Mining Duties Act are accounted for on this basis, based on the Company's intent to realize the value of its exploration and evaluation assets through sale. The tax credits and mining credits on duties claimed and recorded must be examined and approved by the government authorities so it is possible that the amount granted will differ from the amount recorded.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful life of the property and equipment. The periods generally applicable are as follows:

	Period
Office furniture and equipment	18 to 60 months

Depreciation methods, useful lives and residual values are reviewed at each reporting period, and adjusted if appropriate. Any changes arising from the assessment are applied by the Company prospectively.

Assets held for sale

Evaluation and exploration assets and disposal groups of such assets that are expected to be recovered primarily through sale rather than through continuing use, and for which sale within 12 months is highly probable, are classified as held for sale and presented separately in the statement of financial position.

Assets (or disposal groups) classified as "held for sale" are measured at the lower of their carrying amount and fair value less costs to sell. Notwithstanding, financial assets and deferred tax assets in a disposal group classified as held for sale, continue to be measured in accordance with the Company's accounting policy for those assets. Impairment losses for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Assets classified as "held for sale" are not depreciated subsequent to their classification as "held for sale".

Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss except when they relate to items that are recognized outside profit or loss i.e. directly in equity or other comprehensive income. When they relate to the latter, they are recognized directly in equity or other comprehensive income.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Current income tax expense is the expected tax payable on the taxable profit or loss for the period which differs from profit or loss in the interim consolidated financial statements, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to current or prior reporting periods.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

A deferred tax asset is only recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to the shareholders of NML by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

Diluted earnings per share is calculated by adjusting loss attributable to shareholders of the Company, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. Dilutive potential common shares shall be deemed to have been converted into common shares at the beginning of the period.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

For the purpose of calculating diluted loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of ordinary shares at the average market price of ordinary shares during the period.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs net of deferred income taxes.

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Issuance of flow-through shares represents an issue of ordinary shares and the sale of tax deductions to the investors. The sale of tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received of flow-through placements are allocated between share capital and the liability using the residual method which means that the shares are valued at fair value of existing shares at the time of issuance and the residual proceeds are allocated to the liability.

When the Company has renounced its tax deductions and has incurred its eligible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction of deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax base.

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised, in which case the amounts are transferred to share capital.

Share capital to be issued represents the value of goods and services received during the reporting period for which payment was to be made in the form of shares that were issued subsequent to the financial reporting date.

Deficit includes all current and prior period retained earnings and losses.

Non-controlling interest consists of the subsidiaries' equity that the Company does not hold directly or indirectly.

Share-based payments

The Company operates an equity settled share-based remuneration plan. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values. Where employees and third parties providing similar services are rewarded using share-based payments, the fair value of the services rendered by the party is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions and is determined using the Black-Scholes valuation model and is recognized over the vesting period of such options at each reporting date up to the vesting date. The estimate of the number of the awards likely to vest is reviewed and adjusted to reflect the actual awards issued. Any cumulative adjustment prior to vesting is recognized in the current period in profit or loss with a corresponding adjustment to contributed surplus.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The compensation expense for the period is recognized in General and Administrative expenses, with a corresponding adjustment to contributed surplus.

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

Financial instruments

All financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial instruments are classified into the following categories upon initial recognition:

– loans and receivables;
– financial assets at fair value through profit or loss (“FVTPL”);
– held-to-maturity investments;
– available-for-sale financial assets;
– financial liabilities

The Company’s financial instruments are classified and measured as follows:

Financial asset/liability	Category	Subsequent measurement
Cash and cash equivalents	Loans and receivable	Amortized cost
Short-term investments other than cash equivalents	Held to maturity	Amortized cost
Other receivables	Loans and receivables	Amortized cost
Long-term investments, bonds	Held to maturity	Amortized cost
Long-term investments, commercial paper	FVTPL	Fair value
Trade and other payables	Financial liabilities	Amortized cost

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at FVTPL include financial assets that are either classified as held-for-trading or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains and losses recognized in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Other receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables are recognized in profit or loss within general administrative expenses. If, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss or a portion of such, is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

The Company's financial liabilities are initially measured at fair value, less transactions costs if any, and are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, maternity and paternal leave, and sick leave, bonuses, and non-monetary benefits such as medical care) is recognized in the period in which the services are rendered.

Impairment of non-financial assets

Mineral exploration and evaluation assets and property and equipment are tested for impairment whenever event or changes in circumstances indicate that the amounts may not be recoverable. Additionally, when technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the exploration and evaluation assets of the related mining property are tested for impairment before these items are transferred to property and equipment. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit ("CGU") level. Management has selected a policy of performing impairment reviews for exploration and evaluation assets on a property-by-property basis, with each property representing a potential single CGU.

An impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or CGU's, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the CGU.

Non-financial assets that have suffered impairment losses are reviewed at each reporting date for possible indicators of reversal of the impairment.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate in effect at the reporting date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated to the functional currency using the exchange rate in effect during the period, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated using the historical rate. Gains and losses are recognized in profit or loss for the period.

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss or as mineral exploration and evaluation assets on a straight-line basis over the period of the lease. They are recognized as mineral exploration and evaluation assets when the lease expenditures are in respect of assets directly associated with exploring or evaluating specific mineral resources.

Any incentive received from the lessor is recognized as a reduction of rental expense over the lease term, on a straight-line basis.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable than an outflow of resources will be required to settle the obligations, and the amounts can be reliably estimated. A present obligation arises from the presence of a legal or constructive commitment that result from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

The amount recognized as a provision is reviewed at each reporting date and is the best estimate of the consideration required to settle the present obligation based on the most reliable evidence at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

In those cases where the possible outflow of economic resources as a result of a present obligation is considered improbable or remote, no liability is recognized unless it was assumed in the course of a business combination.

During the course of acquiring and exploring potential mining properties, the Company must comply with government environmental regulations concerning reclamation requirements. The estimated costs of complying with these requirements are capitalized as mineral properties and the corresponding liability is increased accordingly. The carrying value will then be amortized over the life of the related assets on a unit-of-production basis and the related liabilities are accreted to the original value estimate.

3 – USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim consolidated financial statements in accordance with IAS 34 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 below.

Mineral exploration and evaluation assets
The assessment of indicators of impairment and of a reversal of impairment and the measurement of the recoverable amount when impairment tests are performed both involve judgment. When an impairment test is performed and an impairment loss or reversal of impairment loss is recognized to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use.

Management determines for each property if there are any facts and circumstances indicating impairment loss or reversal of impairment losses. Facts and circumstances indicating impairment include, but are not limited to the following:

3 – USE OF ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a. the period for which the entity has the right to explore in a specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

b. substantive expenditure on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned;

c. exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

d. sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, management has to evaluate the recoverable amount of the asset or the CGU, and this requires management to make assumptions as to the future events or circumstances. The assumptions are based on the Company's exploration and evaluation program which consider whether results from exploration works justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the expected proceeds from disposal of the properties are in excess of the carrying value. As at March 31, 2011, management does not believe the mineral exploration and evaluation assets to be impaired.

Deferred taxes
The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized.

Provisions and contingent liabilities
Judgments are made as to whether a past event has led to a liability that should be recognized in the interim consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are source of estimation uncertainty.

To date, the Company has met all government regulations concerning reclamation requirements relating to the exploration and evaluation of its mineral properties on a progressive basis. Management believes that no additional environmental rehabilitation provisions are required at this time and no amount has been recorded in these financial statements.

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 financial year ending December 31, 2011. Accordingly, they have not been applied in preparing these 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 are as follows:

IFRS 7 Financial Instruments – Disclosures
Amended to require additional disclosures with respect to risk exposures arising from transferred financial assets. This amendment is effective for annual periods beginning on or after July 1, 2011 and NML will apply the amendment on January 1, 2012. NML does not expect the implementation to have a material impact on the Company's disclosures.

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, 2013 and management has not yet determined the impact that the application of this standard will have on the consolidated financial statements.

5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Cash in bank	4,974,229	1,849,238	1,151,639
Short-term investments	3,073,519	10,153,746	8,499,235
	8,047,748	12,002,984	9,650,874

Short-term investments at March 31, 2011 consisted of treasury bills maturing in April and May 2011 and bearing interest at 0.8% and 0.85% respectively.

At January 1, 2010, short-term investments consisted of treasury bills that matured in January 2010 and bore interest at 0.12%. At December 2010, short-term investments consisted of treasury bills that matured by February 2011 and bore interest from 0.15% to 0.88%.

6 - INVESTMENTS

At March 31, 2011, investments include:

Security	Carrying Value $	Maturity	Interest Rate
GIC's	173,036	Between June and July 2011	0.75%
Treasury Bills	57,413,538	Between April and December 2011	Between 0.85% and 1.22%
Government of Canada Bonds	31,533,243	Between March and September 2012	Between 1.26% and 1.32%
	89,119,817		
Short-term investments	69,448,484		
Long-term investments	19,671,333		

At December 31, 2010, short-term investments included a treasury bill with a value of $3,501,976 that matured in March 2011 and bore interest at 0.90% and guaranteed investment certificates (GIC's) with values of $172,723 maturing in June and July 2011 respectively and bearing interest at 0.75%

At January 1, 2010, term deposits included GIC's with costs of $171,903 that matured in June and July 2010 and bore interest at 0.40%.

The fair value at March 31, 2011, of short-term investments is $69,388,315 (December 31, 2010 and January 1, 2010 – approximate their carrying value) and of long-term investments in bonds is $19,592,348 (December 31, 2010 and January 1, 2010 – $Nil) as disclosed in Note 16.

7 – SALES TAXES, OTHER RECEIVABLES AND PREPAID EXPENSES

Sales taxes, other receivables and prepaid expenses consist of the following amounts:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Sales taxes	108,030	495,535	300,866
Receivable from TSMC	1,322,397	495,261	-
Prepaid expenses	46,897	54,891	65,106
Receivable from employee	26,593	-	1,920
Total	1,503,917	1,045,687	367,892

The receivable from TSMC is a receivable from an affiliated company in which NML owns a 19% equity interest. This amount is non-interest bearing and is a result of advances made by NML to assist TSMC in the commencement of its operations.

8 - LONG-TERM INVESTMENTS, 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 (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 for the year ended December 31, 2010.

The details of the Company’s long-term investments in commercial paper at January 1, 2010 were as follows:

Notes	Face Value ($)	Maturity Date (i)	Required Yield (ii)	Fair Value January 1, 2010 $
MAV2				
A-1	2,937,825	January 22, 2017	9.75%	1,943,784
A-2	738,574	January 22, 2017	12.75%	402,645
B	134,072	January 22, 2017	33.00%	17,904
C	118,086	January 22, 2017	50.00%	6,745
IA Tracking Notes				
Class 15	479,024	December 20, 2013	15.00%	309,441
Total	4,407,581			2,680,519

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

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

9 - PROPERTY AND EQUIPMENT

The carrying amount can be analyzed as follows:

	Office Furniture and Equipment
	$
Cost	
Balance at January 1, 2010	121,786
Additions	213,027
As at December 31, 2010	334,813
Additions	18,020
Balance at March 31, 2011	**352,833**
Depreciation	
Balance at January 1, 2010	78,258
Charge for period	69,622
Balance at December 31, 2010	147,880
Charge for period	20,076
Balance at March 31, 2011	**167,956**
Net book value	
At January 1, 2010	43,528
At December 31, 2010	186,933
At March 31, 2011	**184,877**

At the end of each reporting period, the Company reviews the carrying amounts of property and equipment to determine whether there is an indication that these assets have suffered an impairment loss.

10 – MINERAL EXPLORATION AND EVALUATION ASSETS

	Direct Shipping Ore Holdings ("DSO") Properties $	**LabMag Property $**	**KéMag Property $**	**Other Properties $**	**Balance as at Dec. 31 2010 $**	**Balance as at Jan. 1 2010 $**
Balance, at January 1, 2010	12,931,637	20,379,864	8,345,928	602,579	-	-
Mineral licenses	556,576	(12,002)	(13,356)	76,256	3,336,498	2,729,024
Drilling	581,051	62,117	17,538	316,457	18,786,565	17,809,402
Resource evaluation	6,006,501	83,207	92,046	321,240	22,143,025	15,640,031
Environmental	3,530,581	-	-	-	13,817,499	10,286,918
Amortization of property and equipment	28,724	2,793	399	7,979	39,895	-
	10,146,857	148,117	109,983	645,676	54,786,984	43,736,351
Tax credits and mining duties	(1,574,400)	-	(49,736)	(158,944)	(5,988,447)	(4,205,367)
Balance, at December 31, 2010	**22,060,670**	**20,515,979**	**8,392,819**	**1,165,567**	**52,135,035**	**42,260,008**
Mineral exploration and evaluation assets held for sale – DSO Properties					**22,060,670**	
Mineral exploration and evaluation assets not held for sale					**30,074,365**	

10 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

	DSO Properties $	LabMag Property $	KéMag Property $	Other Properties $	Balance as at Mar. 31 2011 $	Balance as at Dec. 31 2010 $
Balance, at December 31, 2010	22,060,670	20,515,979	8,392,819	1,165,567	-	-
Mineral licenses	(1,400)	700	2,867	16,390	3,355,055	3,336,498
Drilling	(4,128)	12,556	40,043	24,320	18,859,356	18,786,565
Resource evaluation	66,375	63,502	58,336	19,597	22,350,835	22,143,025
Environmental	51,955	24,376	2,043	-	13,895,873	13,817,499
Amortization of property and equipment	-	-	-	-	39,895	39,895
	114,202	100,434	100,422	43,917	55,145,959	54,786,984
Tax credits and mining duties	(7,192)	-	(51,057)	(339)	(6,047,035)	(5,988,447)
Balance, at March 31, 2011	**22,166,280**	**20,617,113**	**8,445,051**	**1,225,535**	**52,453,979**	**52,135,035**
Mineral exploration and evaluation assets held for sale – DSO Properties					**22,166,280**	**22,060,670**
Mineral exploration and evaluation assets not held for sale					**30,287,699**	**30,074,365**

Overview

The Company holds interests in 3,623 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 LLP are owned 80% by the Company through its 80% interest in LLP. Claims registered jointly are owned 71.37% directly by NML and 28.63% directly by LLP.

Province	Ownership	DSO Properties	LabMag Property	KéMag Property	Other Properties	Total
Newfoundland & Labrador	NML	217 [54.3 km^2]	-	-	973 [243.2 km^2]	1,190 [297.5 km^2]
	LLP	32 [8 km^2]	256 [64 km^2]	-	485 [121.3 km^2]	773 [193.3 km^2]
	NML / LLP	8 [2 km^2]	-	-	-	8 [2 km^2]
Québec	NML	525 [239.6 km^2]	-	171 [80.9 km^2]	956 [458.3 km^2]	1,652 [778.8 km^2]
Total		**782** [303.9 km^2]	**256** [64 km^2]	**171** [80.9 km^2]	**2,414** [822.8 km^2]	**3,623** [1,271.6 km^2]

10 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices 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.

DSO Properties – Asset held for sale:

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

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

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

In connection with Tata Steel's exercise of their option, NML incurred during the period $55,000 (2010 - $35,000) in professional fees.

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 pipeline to a 15 million ton per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for export overseas.

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10 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

Other Properties:

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

Taconite Binding Heads of Agreement

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

The project(s) upon which Tata Steel exercises its option will be transferred to an entity where Tata Steel will initially hold an 80% interest and the Company 20%, with this initial 20% interest bearing a “free carry” 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 also has an option to acquire an additional 16% paid equity and a right of first refusal to acquire another 4% should Tata Steel exercise its right to invite third party investors into the project.

The Company had granted Tata Steel an exclusive option to negotiate the Binding HOA on these projects that expired December 31, 2010. An extension was granted to Tata Steel in exchange for a $600,000 payment, which was recorded as Other income on the consolidated statement of comprehensive income.

In connection with the Binding HOA, NML incurred during the period, $1,592,000 (2010 – NIL) in professional fees.

11 - TRADE AND OTHER PAYABLES

Trade and other payables recognized in the statement of financial position can be analyzed as follows:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Trade accounts payable	3,299,110	3,947,232	496,598
Accrued liabilities	2,907,938	1,234,005	612,324
Total	6,207,048	5,181,237	1,108,922

12 - EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares

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

NEW ISSUES

On June 4, 2010, the Company completed a private placement to Tata Steel whereby 14,285,714 common shares were issued at $1.40 per share. The Company received gross proceeds of $20,000,000 and its financial advisors were paid $525,000 in connection with the private placement.

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

On March 11, 2011, the Company issued 212,306 shares at a price of $0.96 per share to settle legal fees.

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.

12 – EQUITY (continued)

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

	3 month period ended March 31, 2011		Year ended December 31, 2010		Year ended January 1, 2010	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of period	11,456,000	0.76	8,677,000	0.65	8,108,267	0.66
Granted	42,000	3.52	4,019,000	0.90	2,682,000	0.38
Exercised	(262,000)	0.55	(1,215,000)	0.51	(1,415,001)	0.32
Expired/Forfeited	-	-	(25,000)	0.75	(698,266)	0.34
Balance, end of period	11,236,000	0.77	11,456,000	0.76	8,677,000	0.65
Options exercisable, end of period	6,950,500	0.66	5,161,000	0.71	5,075,000	0.75

With respect to shares exercised during the period, the weighted-average share price at the date of exercise was $3.70 for the three month period ended March 31, 2011 ($1.07 for the year ended December 31, 2010).

Options exercisable and outstanding as at March 31, 2011 as set forth in the previous table are as follows:

Exercise price	Number of exercisable options	Number of outstanding options	Expiry Date
$0.75	1,500,000	1,500,000	September 13, 2011
$0.75	80,000	80,000	November 2, 2011
$0.50	375,000	375,000	February 1, 2012
$0.75	880,000	880,000	August 2, 2012
$0.65	250,000	250,000	November 13, 2012
$0.83	1,450,000	1,450,000	January 30, 2013
$1.44	50,000	250,000	March 25, 2013
$1.65	100,000	100,000	April 30, 2013
$1.75	70,000	70,000	June 1, 2013
$0.37	2,162,500	2,162,500	January 20, 2014
$0.65	16,500	33,000	October 9, 2014
$0.59	-	24,500	December 4, 2014
$0.88	16,500	33,000	February 2, 2015
$0.90	-	3,950,000	June 29, 2015
$0.87	-	36,000	August 31, 2015
$3.52	-	42,000	February 8, 2016
	6,950,500	11,236,000	
Weighted average exercise price	0.66	0.77	

12 – EQUITY (continued)

The weighted average remaining contractual years of the options outstanding is 2.6 years.

The share-based payments expense during the three-months ended March 31, 2011 was $845,727 ($63,833 in 2010) and is included in general and administrative expenses.

The weighted average fair value of options granted during the three-month period ended March 31, 2011 was $2.24 per share ($0.59 per share in 2010). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following weighted-average assumptions were used:

	March 31,2011 (3 months)	March 31, 2010 (3 months)
Exercise price at date of grant	$3.52	$0.88
Share price at date of grant	$3.52	$0.88
Risk-free interest rate	1.74%	2.47%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	78.61%	84.18%
Dividend yield	Nil	Nil

The underlying expected volatility was determined by reference to historical data of common shares over a year of time since its listing on the Toronto Stock Venture Exchange. No special features inherent to the options granted were incorporated into measurement of fair value.

Agents' warrants

As disclosed above, agents involved in NML's February 28, 2011 equity financings were granted share purchase warrants during the three month period ending March 31, 2011. These warrants are convertible on a one for one basis into common shares of the Company. A summary of these agents' warrants is as follows:

	Number of outstanding warrants	March 31, 2011 weighted average exercise price $
Balance, beginning of period	-	-
Granted	1,084,285	3.50
Balance, end of period	1,084,285	3.50
Warrants exercisable, end of period	1,084,285	3.50

There were no agent warrants outstanding at December 31, 2010 or January 1, 2010 and no warrants were granted, exercised or expired in 2010.

These warrants were recognized as a reduction to capital stock as they represent share issue costs.

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13 – INFORMATION INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended March 31, 2011 $	Three months ended March 31,2010 $
Employee benefit expense		
Wages, salaries and other short-term benefits	561,670	161,422
Stock-based payments	753,828	48,034
Employee benefit expense	1,315,498	209,456
Other elements of expenses		
Depreciation of plant and equipment	20,076	5,893

14 - 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.

The relationship between the expected tax expense based on the domestic effective tax rate and the reported tax expense in profit and loss can be reconciled as follows, also showing major components of tax expense:

	March 31, 2011 $	March 31, 2010 $
Loss before income taxes	(2,770,949)	(498,199)
Combined federal and provincial tax rates	28.40%	29.90%
Computed income tax recovery	(786,950)	(148,962)
Share-based payment expense	240,187	19,086
Mining duties	(1,670)	(16,139)
Professional fees	15,663	10,501
Unrecognized tax items	506,572	146,372
Change in tax rate and other items	26,198	(10,858)
	-	-

14 - INCOME TAXES (continued)

Recognized deferred tax assets and liabilities consist of the following:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Deferred income tax liabilities			
Mineral exploration and evaluation assets	6,996,003	6,811,437	6,615,053
Mining tax credits	6,233	186,212	165,949
	7,002,236	6,997,649	6,781,002
Deferred income tax assets			
Non-capital losses carried-forward	6,919,980	6,807,410	6,364,232
Share and unit issue costs	82,256	190,239	416,770
	7,002,236	6,997,649	6,781,002
	-	-	-

Movements in deferred tax assets (liabilities) related to temporary differences during the financial year are as follows:

	January 1, 2010 $	Recognized in earnings $	December 31, 2010 $
Non-capital loss carry-forwards	6,364,232	443,178	6,807,410
Share issuance costs	416,770	226,531	190,239
Mineral exploration and evaluation assets	(6,615,053)	(196,384)	(6,811,437)
Mining tax credits	(165,949)	(20,263)	(186,212)
Deferred tax assets (liabilities)	-	-	-

The Company has the following deductible temporary differences, unused tax losses and unused tax credits for which no tax benefit have been recognized:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Limited partnership losses through LLP	984,000	285,000	474,000
Property and equipment	170,000	150,000	80,000
Share issue costs	5,432,000	611,000	-
Capital losses	1,566,000	1,566,000	1,727,000
Non-capital losses	5,537,000	4,378,000	1,382,000

14 - INCOME TAXES (continued)

The non-capital tax losses for which no tax benefit has been recognized are available to reduce income taxes in the future years as follows:

	$
2030	3,960,000
2031	1,577,000
	5,537,000

During the first quarter ended, March 31, 2011, the Company earned Federal investment tax credits (ITC's) of $12,000 which have not been recorded in these financial statements due to the uncertainty as to whether the Company will be able to utilize them.

The Company has a total of $857,000 of Federal ITC's that can be carried forward for 20 years and expiring from 2028 to 2031 and $180,000 of Quebec tax credits that can be carried forward for 10 years and expiring from 2016 to 2017.

15 – LOSS PER SHARE

The calculation of basic and diluted loss per share for the period ended March 31, 2011 was based on the loss attributable to the shareholders of NML $2,770,949 ($498,199 in 2010) and a weighted average number of shares in circulation of 157,439,951 (132,988,587 in 2010).

The share options and agents' warrants are anti-dilutive and are therefore excluded from the weighted average number of shares for the purpose of diluted loss per share. As such, the weighted average number of shares used as the denominator in calculating basic and diluted earnings per share is the same. Details of the outstanding share options and agents' warrants that could potentially dilute earnings per share in the future are provided in Note 12.

16 - FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

The carrying amounts of the financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
Financial assets			
Fair value through profit or loss			
Long-term investments, commercial paper	-	-	2,680,519
Held-to-maturity investments			
Short-term investments	69,448,784	3,674,699	171,903
Long-term investments, bonds	19,671,333	-	-
	89,119,817	3,674,699	171,903
Loans and receivables			
Cash and cash equivalents	8,047,748	12,002,984	9,650,874
Financial liabilities			
Financial liabilities at amortized cost			
Trade and other payables	6,207,048	5,181,237	1,108,922

The long-term investments in commercial paper classified as at fair value through profit or loss were measured at their fair value.

With respect to the assets held as short-term investments and long-term investments in bonds, the fair values of the treasury bills and bonds are based on their market values. The fair values of the GIC's were determined as at March 31, 2011, December 31, 2010 and January 1, 2010 by discounting using expected future interest rates of 0.75%, 0.2% and 0.2% respectively. The Company has not adjusted the carrying amounts of these assets to reflect their fair value, as it expects to hold them to maturity and receive the full nominal value of each instrument within a limited period of time.

For all other financial assets and liabilities presented above, their carrying amount was a reasonable approximation of their fair values, notably due to their short-term maturities.

16 - FINANCIAL INSTRUMENTS (continued)

Financial instruments measured at fair value

The following table presents the financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs)

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement. The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	March 31, 2011 $	December 31, 2010 $	January 1, 2010 $
	Level 3	Level 3	Level 3
Fair value through profit or loss			
Long-term investments, commercial paper	-	-	2,680,519

There have been no transfers between levels or into or out of level 3 during the reporting period.

Measurement of fair value

The methods and valuations techniques used for the purpose of measuring fair value were unchanged compared to the previous reporting period.

The fair value of the Notes classified as long-term investments in commercial paper as at January 1, 2010 and March 31, 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.

16 - FINANCIAL INSTRUMENTS (continued)

Level 3 fair value measurement

The Group's measurement of financial assets and liabilities classified in Level 3 uses valuation techniques based on significant inputs that are not based on observable market data. The financial instruments within this level can be reconciled from beginning to ending balances as follows:

	For the 3 months ended March 31 2011 $	For the 12 months ended December 31 2010 $	For the 3 months ended March 31 2010 $
Fair value at the beginning of the period	-	2,680,519	2,680,519
Change in fair value	-	168,000	168,000
Sales of MAV2 notes	-	(2,840,244)	-
Loss on sale of MAV2 notes	-	(6,490)	-
Redemption of Class A-1 notes	-	(1,785)	(1,785)
Fair value at the end of the period	-	-	2,846,734

Gains or losses recognized in profit or loss for the period are presented in financial income and can be attributed as follows:

	For the 3 months ended March 31 2011 $	For the 12 months ended December 31 2010 $	For the 3 months ended March 31 2010 $
Gains (losses) on assets held at the end of the reporting period	-	-	168,000
Gains (losses) on assets not held at the end of the reporting period	-	161,510	-
	-	161,510	168,000

Changing inputs to the level 3 valuations to reasonably possible alternative assumptions would not change significantly amounts recognized in profit or loss, total assets, total liabilities or total equity.

16 - FINANCIAL INSTRUMENTS (continued)

Investment income

	For the 3 months ended March 31 2011 $	For the 12 months ended December 31 2010 $	For the 3 months ended March 31 2010 $
Net gains or net losses on:			
financial assets classified at fair value through profit or loss	-	161,510	168,000
held-to-maturity investments	-	-	-
loans and receivables	-	-	-
Interest income calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss	85,030	80,090	4,233
	85,030	241,600	172,233

17 - 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.

On March 31, 2011, the Company had $3,170,909 USD, $3,074,513 CAD ($3,170,104 USD, $3,152,985 CAD at December 31, 2010 and Nil at January 1, 2010) in cash and cash equivalents which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

At March 31, 2011, the Company had $3,179,696 USD, $3,084,166 CAD ($3,209,365 USD, $3,192,250 CAD at December 31, 2010 and Nil at January 1, 2010) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

The Company purchased US dollars when they became aware of the USD liability owing to an investment banker related to the exercise of the Tata Steel DSO option. The Company was uncertain as to the timing of the payment of this liability and purchased the US dollars to hedge this payable. As a result of holding almost equivalent amounts of USD and USD payables, a $0.01 increase or decrease in the USD/CAD exchange rate would not have a material impact on net loss or equity at March 31, 2011 or December 31, 2010.

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

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, short-term investments and long-term investments in bonds 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 government of Canada bonds with relatively short maturities. All the short term investments and long-term investments in bonds are carried at amortized cost so there is no impact on profit or loss related to fair value variation. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

Management maintains sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented.

Over the past year, the Company has financed its exploration expense commitments and its working capital requirements through private financings.

Credit risk

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents, short-term investments and long-term investments in bonds are held through two Canadian chartered banks with high quality external credit ratings, in government of Canada treasury bills and government of Canada bonds and management believes the risk of loss to be remote.

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.

18 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	March 31, 2011 $	March 31, 2010 $
Other receivables	(458,230)	91,633
Trade and other payables	1,737,417	138,498
	1,279,187	230,131

18 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS (continued)

The Company received during the three-month period interest of $35,463 (March 31, 2010 - $4,233).

Included in trade and other payables is an amount of $340,063 (March 31, 2010 -$873,513) pertaining to additions to mineral exploration and evaluation assets. Included in trade and other payables is an amount of $65,818 (NIL at March 31, 2010) pertaining to share issue costs. Included in the cash flows used by advances on contracts is $NIL (March 31, 2010 - $36,582) pertaining to mineral exploration and evaluation assets.

19 - 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.

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
1301738 Ontario Inc.	Controlled by an executive officer and director of the Company	Consulting and management
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 is 19% shareholder	Advances

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

	Note	March 31, 2011 (3 months) $	March 31, 2010 (3 months) $
Consolidated Balance Sheet			
Mineral exploration and evaluation assets	(i)	75,831	41,813
Share Issue Costs		137,535	-
Consolidated Loss			
General and administrative expenses	(i)	353,783	153,764

19 - RELATED PARTY TRANSACTIONS (continued)

NML paid fees to a private company controlled by a director of the Company for consulting services performed outside of his capacity as a director.

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Other receivable related to advances to TSMC at March 31, 2011 was $1,322,397 (March 31, 2010 - $Nil). Accounts payable related to the above transactions at March 31, 2011 were $598,718 (March 31, 2010 - $219,654). These amounts have not been discounted as the time-value of money is not material.

Transactions with key management personnel

Key management personnel of the Company are members of the board of directors, as well as the executive officers of the Company.

Key management personnel remuneration is comprised of the following:

	Note	March 31, 2011 $	March 31, 2010 $
Salaries and director's fees	(i)	664,398	337,846
Share-based payments	(ii)	282,092	36,005
		946,490	373,851

(i) Salaries and directors' fees include consulting and management fees disclosed above.
(ii) Share-based payments are the fair value of options vested to key management personnel during the period.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the periods ended March 31, 2011 and March 31, 2010.
(iv) During the three-months ended March 31, 2011, key management personnel did not exercise share options (March 31, 2010 – NIL) granted in the share-based compensation plan.

20 - 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 12 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.

20 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES (continued)

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 reporting periods. The Company is not subject to any externally imposed capital requirements.

21 - COMMITMENTS AND CONTINGENCY

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

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

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

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to $2,081,000 expiring in June 2016.

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 $	Total $
2011	425,000	149,000	573,000
2012	395,000	15,000	410,000
2013	328,000	-	328,000
2014	335,000	-	335,000
2015	347,000	-	347,000
Thereafter	88,000	-	88,000
	1,918,000	163,000	2,081,000

22 – FIRST-TIME ADOPTION OF IFRS

These are the Company's first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS is January 1, 2010.

The Company's IFRS accounting policies presented in Note 2 have been applied in preparing these interim consolidated financial statements for the reporting period ended March 31, 2011 and have been used throughout all periods presented and the opening consolidated statement of financial position at the date of transition. The Company has applied IFRS 1 in preparing these first IFRS interim consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in this section and are further explained in the notes that accompany the tables.

First-time adoption exemptions applied

IFRS 1, *First-time Adoption of International Financial Reporting Standards,* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transition date with all adjustments to assets and liabilities being recognized in retained earnings except in circumstances where certain exemptions are applied from full retrospective application. The Company has applied the following mandatory and optional exemptions to its opening statement of financial position dated January 1, 2010:

Optional exemptions

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2, *Share-based Payment,* to equity instruments that were granted subsequent to November 7, 2002 and vested before January 1, 2010. The Company has elected not to apply IFRS 2 to awards that were granted and vested prior to January 1, 2010, which have been accounted for in accordance with Canadian Generally Accepted Accounting Principles (“Canadian GAAP”). The Company has early adopted the amendments to IFRS 1 to remove fixed application dates in respect to IFRS 2.

Estimates

In accordance with IFRS 1, an entity’s estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. The Company’s IFRS estimates as of January 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Reconciliations and presentation differences

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company’s actual cash flows, it has resulted in changes to the Company’s reported financial position and results of operations. In order to allow the users of the financial statements to better understand these changes, the following tables show the total effect of the transition on the Company’s Canadian GAAP statement of comprehensive loss and the statement of financial position and show reconciliations of the comprehensive loss and the equity to IFRS, with the resulting differences explained.

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22 – FIRST-TIME ADOPTION OF IFRS (continued)

An explanation of how the transition from GAAP to IFRS has affected the Company's statement of financial position and comprehensive loss is set out as follows:

A) Reconciliation of shareholders' equity as reported under Canadian GAAP to IFRS as at the date of transition of January 1, 2010.

	Notes	Share Capital $	Contributed Surplus $	Deficit $	Non-Controlling Interest $	Total $
As reported under Canadian GAAP – December 31, 2009		64,859,075	5,392,037	(13,979,918)	475,000	56,746,194
Effect of flow-through shares under IFRS	a	2,680,528	-	(2,680,528)	-	-
Deferred income tax reversal on purchase of mining claims through a tax free rollover	b	-	-	(532,748)	-	(532,748)
Share-based payments	c	-	439,785	(439,785)	-	-
Write-off of mineral exploration and evaluation expenses incurred prior to purchase of LabMag Property claims	d	-	-	(274,715)	-	(274,715)
As reported under IFRS – January 1, 2010		67,539,603	5,831,822	(17,907,694)	475,000	55,938,731

Reconciliation of shareholders' equity as reported under Canadian GAAP to IFRS as at March 31, 2010.

	Notes	Share Capital $	Contributed Surplus $	Deficit $	Non-Controlling Interest $	Total $
As reported under Canadian GAAP – March 31, 2010		64,933,800	5,671,037	(14,562,307)	475,000	56,517,530
Effect of flow-through shares under IFRS	a	2,680,528	-	(2,680,528)	-	-
Deferred income tax reversal on purchase of mining claims through a tax free rollover	b	-	-	(693,125)	-	(693,125)
Share-based payments	c	-	195,218	(195,218)	-	-
Write-off of mineral exploration and evaluation expenses incurred prior to purchase of LabMag Property claims	d	-	-	(274,715)	-	(274,715)
As reported under IFRS – March 31, 2010		67,614,328	5,866,255	(18,405,893)	475,000	55,549,690

22 – FIRST-TIME ADOPTION OF IFRS (continued)

Reconciliation of shareholders' equity as reported under Canadian GAAP to IFRS as at December 31, 2010.

	Notes	Share Capital $	Capital Stock to be Issued $	Contributed Surplus $	Deficit $	Non-Controlling Interest $	Total $
As reported under Canadian GAAP – December 31, 2010		85,754,874	203,813	5,319,477	(22,843,120)	475,000	68,910,044
Effect of flow-through shares under IFRS	a	2,680,528	-	-	(2,680,528)	-	-
Deferred income tax reversal on purchase of mining claims through a tax free rollover	b	-	-	-	(843,750)	-	(843,750)
Share-based payments	c	-	-	1,271,105	(1,271,105)	-	-
Write-off of mineral exploration and evaluation asset expenses incurred prior to purchase of LabMag Property claims	d	-	-	-	(274,715)	-	(274,715)
As reported under IFRS – December 31, 2010		88,435,402	203,813	6,590,582	(27,913,218)	475,000	67,791,579

B) Reconciliation of total assets and liabilities between Canadian GAAP and IFRS as at the transition date of January 1, 2010.

	Notes	Total Assets $	Total Liabilities $
As reported under Canadian GAAP on December 31, 2009		58,166,118	1,419,924
Mineral properties	b, d	(1,118,465)	-
Future income tax liability	b	-	(311,001)
As reported under IFRS – January 1, 2010		57,047,653	1,108,923

22 – FIRST-TIME ADOPTION OF IFRS (continued)

Reconciliation of total assets and liabilities between Canadian GAAP and IFRS as at December 31, 2010.

	Notes	Total Assets $	Total Liabilities $
As reported under Canadian GAAP on December 31, 2010		74,091,281	5,181,237
Mineral properties	b, d	(1,118,465)	-
As reported under IFRS – December 31, 2010		72,972,816	5,181,237

C) Reconciliation of loss and comprehensive loss as reported under Canadian GAAP to IFRS

	Notes	Three months ended March 31, 2010 $	Year-ended December 31, 2010 $
Loss and comprehensive loss under Canadian GAAP		(582,389)	(8,863,202)
Deferred income tax reversal on purchase of mining claims through a tax-free rollover	b	(160,377)	(311,001)
Share-based payments	c	244,567	(831,320)
Loss and comprehensive loss under IFRS		(498,199)	(10,005,523)

a) Flow-through shares

IFRS do not specifically address the accounting for flow-through shares or the related tax consequences of such transactions. Consequently, the Company has chosen to account for past issues retrospectively based on the substance of the transactions, which involved the issue of ordinary shares and the sale of a tax deduction. As such, the Company has recognized the premium of the price of a flow-through share above the value of a common share as a liability to the Corporation. The liability is then reversed and applied against deferred tax expense in profit or loss at the date the qualifying expenditures are made. Concurrently, a deferred tax liability is recognized in accordance with IAS 12, *Income Taxes*, for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset in the statement of financial position and its tax base.

At the date of transition, the premium for flow-through shares removed from share capital amounted to $3,284,237 and the related deferred income tax adjustment credited to share capital is $5,964,765 for a net credit to share capital of $2,680,528.

Under previous GAAP, the full value of the amount received for the issue of flow-through shares was recorded in share capital and the future tax effect recognized upon the renunciation date was debited to share capital.

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22 – FIRST-TIME ADOPTION OF IFRS (continued)

b) Initial recognition exemption of deferred income taxes

The Company acquired its initial LabMag Property claims through a transaction whereby its tax cost was less than its book cost and thus created a deferred tax liability that, under Canadian GAAP, was recognized at the time of acquisition.

Under IAS 12*, Income Taxes*, a company should not recognize a deferred tax liability on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income at the time of initial recognition. As such, the Company has retroactively reversed the $843,750 of deferred taxes originally debited to mineral exploration and evaluation assets. The retroactive reversal of the deferred tax liability to the cumulative deficit is limited each period to the extent of the recognized deferred tax balances.

c) Share-based payments

The Company issues share-based awards in the form of stock options that generally vest evenly over two years. Under Canadian GAAP, the Company recognized the fair value of the award, determined at the time of the grants, on a straight-line basis over the two year vesting period. Under IFRS 2, the fair value of each tranche of the award is considered to be a separate grant based on its vesting period. The fair value of each tranche is determined separately and recognized as compensation expense over the term of its respective vesting period. Accordingly, compensation expense under IFRS will be recognized at an accelerated rate compared to under Canadian GAAP.

d) Pre-claim costs

Certain costs incurred prior to obtaining the legal right to explore an area were capitalized under Canadian GAAP. Under IFRS, these costs may no longer be capitalized. As such, $274,715 of pre-claim costs incurred have been written off through opening retained earnings as at the transition date of January 1, 2010.

Impairment losses recognized at the date of transition

The Company applied IFRS 6, *Exploration and Evaluation of Mineral Resources,* and IAS 36, *Impairment of Assets*, in determining whether any impairment losses arose at the date of transition to IFRS. No impairment losses (or reversals) were identified.

23 – SUBSEQUENT EVENTS

On June 8, 2011, the shareholders of New Millennium Capital Corp. adopted a resolution to change the name of the Company. The new name is New Millennium Iron Corp.