NEW MILLENNIUM IRON CORP.

THIRD QUARTER REPORT 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the financial results for the interim three month period ended September 30, 2012 should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and related notes contained in this report, and the audited consolidated financial statements and MD&A for the years ended December 31, 2011 and 2010.

*These condensed interim consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").*

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

FORWARD LOOKING STATEMENTS

This MD&A includes certain statements that constitute "forward-looking statements", and "forward-looking information" within the meaning of applicable securities laws ("forward-looking statements" and "forward-looking information" are collectively referred to as "forward-looking statements", unless otherwise stated). These statements appear in a number of places in this MD&A and include statements regarding our intent, or the beliefs or current expectations of NML's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as "believe", "anticipate", "estimate", "project", "intend", "expect", "may", "will", "plan", "should", "would", "contemplate", "possible", "attempts", "seeks" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. The Company has based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause NML's actual results to differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, the reader is cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Material risk factors which could cause actual results to differ materially include those disclosed in NML's Annual Information Form dated March 28, 2012 which is filed on SEDAR at www.sedar.com. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future *events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.*

OVERALL PERFORMANCE

Overview of Business

The Corporation controls the emerging Millennium Iron Range ("**MIR**"), located in the Province of Newfoundland and Labrador ("**NL**") and in the Province of Quebec ("**QC**"), which holds one of the world's largest undeveloped magnetic iron ore deposits. In the same area, the Corporation and Tata Steel Limited ("**Tata Steel**"), one of the largest steel producers in the world, are advancing a direct shipping ore project ("**DSO Project**") to near term production. Tata Steel indirectly owns approximately 26.5% of New Millennium and is the Corporation's largest shareholder and strategic partner.

Tata Steel exercised its exclusive option to participate in the DSO Project and has a commitment to take the resulting production. The DSO Project is owned and operated by Tata Steel Minerals Canada Limited ("**TSMC**"), which in turn is 80% owned by Tata Steel and 20% owned by the Corporation. The DSO Project contains 64.1 million tonnes of Proven and Probable Mineral Reserves at an average grade of 58.8% Fe, 21.0 million tonnes of Measured and Indicated Mineral Resources at an average grade of 58.8% Fe, 10.3 million tonnes of Inferred Resources at an average grade of 56.8% Fe and about 20.0-30.0 million tonnes of historical resources that are not currently in compliance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, the Corporation is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

The MIR currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable Reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated Resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred Resources at an average grade of 29.3% Fe; KéMag contains 2.1 billion tonnes of Proven and Probable Reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated Resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred Resources at an average grade of 31.2% Fe. Tata Steel also has exercised its exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Project and the KéMag Project.

Beyond the DSO and Taconite projects, the Corporation has further development potential through its other land holdings in the MIR, and is carrying out exploration drilling and analysis to evaluate several taconite anomalies in the Schefferville area. In this regard, the Lac Ritchie deposit has been identified as containing 3.3 billion tonnes of Indicated Resources at an average grade of 30.3% Fe and 1.4 billion tonnes of Inferred Resources at an average grade of 30.9%.

The Corporation's mission is to add shareholder value through the responsible and expeditious development of the MIR and other mineral projects to create a new large source of raw materials for the world's iron and steel industries. For further information, please visit www.NMLiron.com, www.tatasteel.com and www.tatasteelcanada.com.

Dean Journeaux, Eng., and Thiagarajan Balakrishnan, P. Geo., are the Qualified Persons as defined in National Instrument 43-101 who have reviewed and verified the scientific and technical mining disclosure contained in this MD&A.

RESULTS OF OPERATIONS

TSMC'S DSO PROJECT

The DSO Project, in which NML has a 20% interest through TSMC, is now in the construction phase and advancing in key areas. There is considerable progress to report as the third quarter saw an important milestone in NML's history with the commencement of stripping followed by initial mining, crushing and screening to produce saleable iron ore.

2012 Production Plan and Outlook

Having received the necessary permits from the Government of Newfoundland and Labrador to mine deposits located in the Timmins area close to the processing plant site, TSMC started mining in early September and set up a portable dry crushing and screening plant as an interim step to generate immediately available shippable product while preparing the mines for an orderly start-up of the plant in 2013. Expected 2012 production is approximately 250,000 tonnes of sinter fines and 50,000 tonnes of lump ore.

Contracts have been awarded for drilling and blasting as well as mining and hauling of the ore to the plant and to load rail cars. Mine development will continue through winter and TSMC is on track to produce 2 million tonnes ("mt") in 2013. The Project's initial annual nameplate capacity of 4.2 mt of Sinter Fines and Super Fines is expected to be reached in 2014. However, TSMC is also developing plans to increase production to 6 mt annually in 2015 to maximize utilization of the current facilities.

With regard to plant construction, installation of the dome structure that will house the production facilities to enable year around operations is visibly progressing. Delivery of the major processing equipment is starting in Q4 2012 and will continue through the first half of 2013, with the start of plant commissioning targeted for Q3 2013.

Logistics

The Project has complex mine-to-port logistics. The milestone achievements and remaining initiative are summarized below:

- MOU regarding the rail tariff with TSH. TSMC invested $4.0 million for track rehabilitation in 2011, and a further $4.5 million is being invested in 2012;
- QNS&L transportation agreement concluded;
- Agreement reached with KéRail, an independent operator, for a 20 km spur from the plant yard limit to Schefferville;
- 505 ore cars delivered (100 t capacity each);
- Access to deep water dock to be constructed in Sept-Îles to ship 5 mtpy, for which TSMC has agreed to invest $12M;
- Construction of the dock has commenced;
- Negotiations are underway to conclude an interim transportation arrangements for the last leg of the logistics chain between Arnaud Junction near Sept-Îles and the Port of Sept-Îles to an existing terminal at Pointe-Noire until the deep water dock is available, expected in mid-2014.

Capital Cost Estimate

During the feasibility study (as of February 2011), the gross capital outlay for the Project, including leasing and financing, was estimated at US$ 428.5 million (C$475 million at that time) for 4 mtpy of products. TSMC's current estimate to complete the Project to produce 4.2 mtpy of Sinter Fines and

Super Fines is about C$560 million, including estimated requirements for working capital and escalation, but excluding estimated requirements for equipment leasing and mine closure rehabilitation.

The cost increases can be largely attributed to the following major factors: Changes to the Project's scope, including the selection of a steel fabricated dome structure; unexpected soil conditions at the beneficiation plant construction site; increased EPCM cost and increased cost of construction. Cost escalation expected to complete the project has now been included for inputs such as equipment, fuel and construction costs. NML will be required to contribute 20% of the equity portion relating to the initial capital costs in excess of $300 million, or approximately C$16 million, based on expected financing of the Project with 30% equity and 70% debt.

CIM Award

In recognition of the Project's achieving first production, NML and TSMC together have been named Developer/Miner of the Year for 2012 by the Newfoundland Branch of the Canadian Institute of Mining and Metallurgy ("CIM").

TACONITE PROJECT

The Taconite Project involves large-scale development of the LabMag and KéMag deposits to produce pellets and concentrate, and is in the final feasibility stage also with Tata Steel as a partner through a Binding Heads-of-Agreement signed in March 2011. A Study Manager for the feasibility study is supported by consultants in the specialist areas, including mining, beneficiation, pipeline transportation and pelletizing among others

The feasibility study comprises a number of simultaneous activities, including work on geology and resources, mine planning, metallurgical testwork, engineering, transportation and port logistics, and marketing for offtake opportunities to supplement Tata Steel's expected supply requirements from the Project. Each activity is advancing toward the study's targeted completion date of end-2012, with the environmental notification and impact submissions to follow in 2013.

In addition, NML started an exploration program at KéMag to outline the extent of iron mineralization east of the existing known mineralized zone.

EXPLORATION OF OTHER PROPERTIES

Beyond the DSO and Taconite projects, New Millennium has the opportunity to further develop the potential of its land holdings in the MIR. In 2011, a program was initiated involving drilling and analysis to evaluate the resource potential of two MIR taconite anomalies in particular -- Lac Ritchie and Perault Lake -- both of which are 100% owned by New Millennium, as well as to explore possible continuation of the KéMag deposit towards LabMag in the area of Howells Lake. Earlier this year, the Lac Ritchie property added 3.3 billion tonnes of Measured and Indicated and 1.4 billion tonnes of Inferred Mineral Resources to NML's already substantial certified taconite resource base.

During the third quarter, NML completed drilling at the Perault Lake property and at the 80% owned Sheps Lake Property (Naskapi Labmag Trust through Labmag Limited Partnership ("LLP") owns the other 20%). 48 holes were drilled in Perault Lake and 22 holes in Sheps Lake for a total of 3,891 and 1,918 meters, respectively. The combined total area of the Sheps Lake and Perault Lake deposits is approximately 17.25 km² with an average thickness of 60 m, where the taconite is un-altered giving excellent Davis Tube concentrate ("DTC") recoveries with very low concentrate silica values (less than 2.00%) and high Fe values (>70.00%). These results highlight the potential for the production of direct reduction ("DR") grade pellet feed from these properties, along with high quality blast furnace grade pellet feed.

Drilling has also been carried out in the Howells Lake area. This area comprises the 100% NML owned Howells Lake property and the 80% owned Howells River North property (also 20% owned by Naskapi

Labmag trust through LLP). The taconite occurring in this area is a stratigraphic continuation of the LabMag deposit and connects to the KéMag deposit in Québec. NML in 2006 drilled one hole in the central part of the region which also confirms the continuity of the stratigraphic units. Assay results for certain holes have been received to date from the Howells Lake area.

This year's drilling results from Sheps Lake and Perault Lake indicate that NML now has the potential to discover new significant deposits that would add further to its resource base. The coarse liberating characteristics of the material and expected low SiO_2 in the concentrate suggest lower energy requirements during the concentrating process. The results from Howells Lake and Howells River North also indicate a continuity of mineralization between the LabMag and KéMag deposits. Upon receipt of the remaining results, NML plans to undertake a resource estimate in order to obtain NI 43-101 compliant status for these other properties.

CORPORATE

On November 1st 2012, NML announced the appointment of Mr. Rock Gagnon as Vice-President, Process and Plant Engineering. Mr. Gagnon brings 19 years of experience in design and operation of mineral processing plants, and in process design for ferrous, base and precious metals.

Mr. Gagnon has worked as an independent consultant, assisting New Millennium Iron Corp, TSMC and some engineering firms in different project developments, mainly in iron ore processing, including process improvement reviews for TSMC and Kudremukh Iron Ore Company.

Earlier in his career, Mr. Gagnon worked for COREM in Quebec City as a researcher where he mainly focused on improving comminution technologies. Prior to this, Mr. Gagnon worked for Met-Chem Canada as principal metallurgist and participated in many projects and studies in Canada and worldwide. Mr. Gagnon spent three years at the Troilus Division, Chibougamau, of Inmet Mining Corporation, in the final phase of construction, start-up, debottlenecking, process improvements and plant expansion.

Mr. Gagnon holds a BA in mining engineering from the Laval University in Quebec. He is based at NML's corporate office in Montréal, Canada.

GENERAL

Infrastructure Initiatives

As previously reported, NML undertook several infrastructure initiatives in the third quarter aimed at maximizing the competitiveness of its iron ore projects. These included investment in the Sept-Îles Port Authority's new multi-user deep water dock facility now under construction, both directly through an agreement providing access to a minimum of 15 million tonnes of the dock's initial 50 million tonnes of capacity and indirectly through TSMC's access to 5 million tonnes of the dock's capacity. The Sept-Îles harbour is an ideal location for year round shipping, and these initiatives will give NML access to the global iron ore marketplace through a world-class ship loading system capable of handling a full range of iron ore carriers, including the latest generation of large-size vessels.

NML also signed an agreement with the Canadian National Railway Co. ("**CN**") to participate in the feasibility study of a new railway and terminal handling facility that would connect mining projects in the Labrador Trough with the deep-water port at Sept-Îles. Caisse de dépôt et placement du Québec is CN's partner in the venture and is also funding the study, along with other mining companies. Although NML's Taconite Project is focused on moving concentrated ore to the pelletizing stage in slurry form via a ferroduct system similar to those well established in Brazil and elsewhere, the CN study will enable NML to assess another transportation option for the development of its very large resource base in the Millennium Iron range.

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the unaudited Condensed Interim Consolidated Financial Statements as of September 30, 2012 ("financial statements") set forth herein. As discussed in Note 2 to the financial statements, they are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the IASB.

These financial statements should be read in conjunction with the Company's December 31, 2011 audited consolidated financial statements.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The Interim Consolidated Balance Sheet as of September 30, 2012 indicates cash and cash equivalents of $11,748,449, short-term investments of $65,797,276, sales taxes, other receivables and prepaid expenses of $2,597,428, and the current portion of tax credits and mining duties receivable of $4,365,646 resulting in total current assets of $84,508,799, a decrease of $31,498,958 from December 31, 2011. The long-term assets are comprised of the long-term portion of tax credits and mining duties receivable of $4,452,395, other assets of $19,219,871, mineral exploration and evaluation assets of $50,895,678, deposits on contracts of $3,040,243, property and equipment of $564,485 and a long-term investment of $31,542,605. The total assets are $194,224,076 which is an increase of $8,674,058 from December 31, 2011.

The Company's current liabilities at September 30, 2012 are its trade and other payables of $11,569,321, and advances from Tata Steel of $4,825,532 for a total of $16,394,853. Non-current liabilities consist of an amount due to Naskapi/LabMag Trust of $285,324 for total liabilities of $16,680,177 which is an increase of $9,600,802 from December 31, 2011. Equity attributable to shareholders of the Company is $177,305,548, a decrease of $926,744 from December 31, 2011, and is comprised of share capital of $175,591,799, contributed surplus of $15,366,212, less the deficit of $13,652,463. The non-controlling interest of $238,351 remains unchanged from December 31, 2011, for total equity of $177,543,899.

Working capital at September 30, 2012 of $68,113,946 represents a decrease of $41,099,760 from the December 31, 2011 total of $109,213,706. This decrease in working capital is mainly due to the Company's usage of current assets in its investment in the exploration and evaluation of its mineral assets, payment of the first installment of the Port agreement described above in the general section that was recorded as other asset in the consolidated statement of financial position, and its operational loss for the period.

The Company's working capital has been mainly invested in guaranteed investment certificates, treasury bills and bonds with relatively short maturities all either issued by or guaranteed by Canadian Federal and Provincial governments or their crown corporations. These investments have been classified as short-term investments. NML used its cash and cash equivalents from December 31, 2011 to pay its trade and other payables, pay the first instalment for the Port agreement, fund its operations and the continuing exploration and evaluation of its mineral assets. The Company intends to use a portion of its cash and cash equivalents and short term investments to fund its portion of the Taconite Feasibility Study, perform new drilling projects in the taconite anomalies located in the Millennium Iron Range, pay for the second instalment of the Port agreement and pay future corporate operating expenses. During the year, there was $14,976,871 of capitalized mineral exploration and evaluation asset expenditures, net of Québec tax credits, Québec mining duties and the payments made by Tata Steel that are in exchange for an option to own a portion of the Taconite Projects. As at September 30, 2012, the deferred income tax assets, which arose as a result of applying the capital and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to uncertainty regarding their utilization.

For the three months ended September 30, 2012, the Company realized a net loss of $3,086,419, or $0.02 per share, compared to a net loss of $1,849,133, or $0.01 per share for the comparative period in 2011. This loss represents operating expenses of $3,488,799, (2011 - $2,107,208), net of service fee revenue of $148,822 (2011 – Nil), other revenue of $6,185 (2011 – Nil) and investment income of

$247,373 (2011 - $258,075). The increase in the period's operating expenses is mainly due to general and administrative expenditures which in 2011 were reduced by $1,012,000 in relation to payments received from Tata Steel. In comparison, the Company made an adjustment in the period, based on new information, resulting in the reduction of general and administrative expenses for payments received from Tata Steel for the period increasing the period's operating expenses by $568,000. This increase was partially offset by the decrease in stock-based compensation expense from $1,628,000 in 2011 to $1,112,000 in 2012.

The Company expects to continue incurring losses until it begins receiving dividends from TSMC relating to DSO project operations. These losses are expected to be funded by the current cash and investments.

All costs associated with mineral properties, totaling $50,895,678 as outlined in Note 8 to the September 30, 2012 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: LabMag Property $23,396,867, KéMag Property $13,240,158, Lac Ritchie Property $2,383,742 and Other Properties $11,874,911. The cost centers for these capitalized expenditures are: mineral licenses $2,778,343, drilling $32,224,048, resource evaluation $24,229,693, environmental $13,263,448, and amortization of property and equipment $95,430. These expenditures are offset by tax credits and mining duties of $10,111,678 and the Tata Steel payments of $11,583,606. The non-controlling interest of $238,351 relates to LabMag Limited Partnership whose main property is the LabMag Property. The carrying value of the mineral exploration and evaluation assets are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and evaluation work, the work programs and exploration results achieved by the Company. At September 30, 2012, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended September 30, 2012. This information is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim consolidated financial statements are prepared in accordance with IFRS and expressed in Canadian dollars.

	Sept-12	**June-12**	**Mar-12**	**Dec-11**	**Sept-11**	**June-11**	**Mar-11**	**Dec-10**
Investment Income	247,373	300,231	315,225	252,073	258,075	249,844	85,030	52,228
Net Income (Loss)	(3,086,419)	(1,596,355)	(2,192,428)	28,564,955	(1,849,133)	(2,808,553)	(2,770,949)	(1,544,460)
Income (Loss) Per Share (1)	(0.02)	(0.01)	(0.01)	0.16	(0.01)	(0.02)	(0.02)	(0.01)
Diluted income per share	-	-	-	0.16	-	-	-	-

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share for all periods prior to and subsequent to the three months ended December 31, 2011.

THIRD QUARTER RESULTS

The most significant items comparing the results of operations in the third quarter of 2012 versus the same period in 2011 include service fee revenue of $149,000 for which there was no corresponding revenue in 2011. The income was offset by general and administrative expenses for the three month period ending September 30, 2012 of $3,489,000 compared with $2,107,000 for the corresponding period in 2011.

The most significant items affecting general and administrative expenses are a decrease in stock-based compensation to $1,112,000 compared with $1,628,000 in Q3 2011 and a decrease in professional and advisory fees to $244,000 compared with $350,000 in Q3 2011, which are partially offset by an increase of service fee expense of $80,000 for which there is no corresponding expense in Q3 2011. In Q3 2012, the Company adjusted the amount of the payments from Tata Steel that are allocated reducing general and administrative expenses based on new information. This adjustment resulted in a reduction of previously reported amounts and as such, in Q3 2012, the general and administrative expenses were increased by $568,000, compared to a $1,012,000 reduction of general and administrative expenses for the corresponding period in 2011.

As a result, the Company's net loss for the third quarter ended September 30, 2012 totalled $3,086,000 (net loss per share of $0.02) compared to a net loss of $1,849,000 (net loss per share of $0.01) for the comparative period in 2011.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The information is provided in Note 4 of the financial statements.

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the condensed interim consolidated financial statements in accordance with IFRS 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.

Please refer to Note 3 of the December 31, 2011, annual financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

FINANCIAL INSTRUMENTS

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction 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 right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 16 of the December 31, 2011, annual financial statements.

FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 12 of the September 30, 2012, financial statements for an extended description of the Company's main financial risks and policies.

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 to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares or flow-through shares. No changes were made in the objectives, policies and processes for managing capital during the three month period ending September 30, 2012. The Company is not subject to any externally imposed capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at September 30, 2012 decreased from December 31, 2011 by $41,099,760 to $68,113,946. The working capital consists of cash and cash equivalents, short-term investments, sales taxes, other receivables and prepaid expenses and the current portion of tax credits and mining duties receivable net of trade and other payables and the advances from Tata Steel.

Capital Expenditures

There was $393,014 in capital expenditures during the first nine months of 2012 compared to $210,595 in the corresponding period in 2011.

Capital Resources

At September 30, 2012, NML has paid up capital of $175,591,799 (December 31, 2011 - $172,344,038) representing 179,011,646 (December 31, 2011 – 176,267,964) common shares and contributed surplus of $15,366,212 (December 31, 2011 - $12,665,152) that is partially offset by a deficit of $13,652,463 (December 31, 2011 - $6,776,898) resulting in total equity attributable to shareholders of the Company of $177,305,548 (December 31, 2011 - $178,232,292). In addition there is a non-controlling interest of $238,351 (December 31, 2011 – $238,351) resulting in total equity of $177,543,899 (December 31, 2011 - $178,470,643).

COMMITMENTS

Please refer to Note 16 of the financial statements for a summary of the Company's commitments.

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 14 of the September 30, 2012, financial statements for a summary of the Company's transactions with related parties and the related period end balances.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal controls over financial reporting during the three months ended September 30, 2012, that have materially affected, or are reasonably likely to materially affect, in the Company's internal controls over financial reporting.

MARKET REVIEW AND OUTLOOK

World crude steel production for the 62 countries reporting to the World Steel Association was 1,149 mt for the first nine months of 2012, 0.6% higher than in the comparable 2011 period. Asia and North America were up by 1.5% and 3.9%, respectively, while Europe (EU 27) was down by 4.6%. In September, the overall reporting countries' crude steel capacity utilization rate was 77.7%, slightly higher than in August but still 2.5% below the September 2011 rate.

The third quarter featured negative economic signals globally and especially from China, which accounts for over 45% of world steel production and exercises the most influence on commodity prices. The widely watched Purchasing Managers' Index (PMI) moved in China from 50.1 (above 50 signals expansion) in July to 49.2 in August, the lowest level in nine months. The slowdown in Chinese economic growth resulted in a reduction in the country's steel production from the annualized rate of over 700 Mtpy maintained through the year. These factors and increased Australian supply weighed heavily on iron ore pricing as the 62% CFR China reference fell by 24% from end-July to end-August and below three digits for the first time since mid-November 2009.

There was hope as September began that Chinese government stimulus, coupled with August's destocking of iron ore, would contribute to a rally in both steel and iron ore, and indeed prices did gain momentum after China approved spending on new infrastructure projects as the 62% Fe reference gained 16% in September to finish at USD104.20 per tonne.

However, end-user demand has remained muted and much of the Chinese steel industry is operating at a loss. While seeing signs of a rebound, analysts have tempered their earlier forecasts of a Q4 2012 recovery in steel production and expectations are that the impact of stimulus measures is unlikely to be felt until after China's November leadership change, with the market subject to volatility in the interim.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at September 30, 2012.

1. Share capital

(a) Authorized:

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

(b) Issued as of September 30, 2012: The Corporation has 179,011,646 common shares issued ($175,591,799).

(c) Issued as of November 14, 2012: The Corporation has 179,011,646 common shares issued ($175,591,799).

2. Options

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

As of November 14, 2012, there were 15,110,000 common shares reserved for issuance pursuant to the exercise of stock options (September 30, 2012 – 14,910,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
1,130,000	$0.83	January 30, 2013
250,000	$1.44	March 25, 2013
70,000	$1.75	June 1, 2013
1,557,500	$0.37	January 20, 2014
33,000	$0.65	October 9, 2014
3,262,500	$0.90	June 30, 2015
36,000	$0.87	August 31, 2015
42,000	$3.52	February 8, 2016
3,100,000	$3.36	April 1, 2016
175,000	$3.16	April 29, 2016
52,000	$2.48	May 16, 2016
48,000	$2.48	July 18, 2016

Number of Outstanding Options	Exercise Price	Expiry Date
72,000	$2.65	July 26 , 2016
32,000	$1.61	October 18, 2016
135,000	$1.65	November 1, 2016
110,000	$1.16	November 28, 2016
350,000	$1.43	December 6, 2016
160,000	$1.23	December 20, 2016
38,000	$1.65	January 4, 2017
37,000	$1.72	January 11, 2017
70,000	$2.02	January 24, 2017
90,000	$2.48	March 7, 2017
65,000	$2.08	April 5, 2017
100,000	$1.93	April 11, 2017
56,000	$2.03	April 16, 2017
48,000	$1.59	July 2, 2017
3,645,000	$1.35	July 27, 2017
66,000	$1.30	September 10, 2017
80,000	$1.45	September 18, 2017
200,000	$1.57	October 4, 2017

3. Warrants

At November 14, 2012, there were no common shares reserved for issuance pursuant to the exercise of outstanding warrants (September 30, 2012 – Nil).

ADDITIONAL INFORMATION

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