MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Consolidated Financial Statements for the year ended December 31, 2011
(Containing information as at March 28, 2012, except as indicated)

DATED March 28, 2012

Reference is made to the audited Consolidated Financial Statements of New Millennium Iron Corp. ("**NML**" or the "**Company**") for the year ended December 31, 2011 ("**FYE 2011**") and the year ended December 31, 2010 ("**FYE 2010**"), upon which the following discussion is based. The Consolidated Financial Statements and the notes thereto, have been prepared in accordance with International Financial Reporting Standards ("**IFRS**").

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, 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, one of the largest steel producers in the world, are advancing a direct shipping ore project ("**DSO Project**") to near term production. Tata Steel owns approximately 27% 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, 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, 8.1 million tonnes of Measured and Indicated Mineral Resources at an average grade of 58.8% Fe, 7.2 million tonnes of Inferred Resources at an average grade of 56.8% Fe and about 40.0 - 45.0 million tonnes of historical resources that are not currently in compliance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources 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.

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

DSO PROJECT

Impact and Benefit agreements
Signing by TSMC of two Impact and Benefit Agreements

On June 8, 2011, an Impact and Benefit Agreement ("**IBA**") was signed between Tata Steel Minerals Canada Limited ("**TSMC**") and Nation Innu Matimekush-Lac John ("**NIMLJ**"), and on November 15, 2011, an IBA was signed between TSMC and Innu Nation ("**IN**") of Labrador.

Both "life of mine" agreements promote and govern a mutually beneficial development of TSMC's DSO Project. The IBAs establish the processes and sharing of benefits that would ensure an ongoing positive relationship with all affected First Nations. In return for their consent and support of the DSO Project, NIMLJ and IN will benefit through training, employment, business opportunities and financial participation in the Project. The IBAs also commit TSMC to implement the Project in a manner that would safeguard the environment and provide the NIMLJ and IN with social and cultural protection.

The agreements with NIMLJ and IN were the second and the third of four such IBAs in the process of being concluded. An IBA with the Naskapi Nation was announced on June 10, 2010. TSMC also signed an Agreement in Principle ("**AIP**") with Innu Takuaikan Uashat mak Mani Utenam ("**ITUM**") of Sept-Îles, Quebec.

Environmental approval and Project release by the GNL for the DSO Project

On January 5, 2011, NML received environmental approval and project release, subject to a number of customary terms and conditions, from the Government of Newfoundland and Labrador ("**GNL**") following the approval of the Company's Environmental Impact Statement ("**EIS**") for Phase 1 of the DSO Project.

The release allowed completion of the permitting process required to start Project construction. Phase 1 of mining operations includes the Timmins 3N, Timmins 4, Timmins 7 and Fleming 7N deposits in NL. Commencement of iron ore production is expected by the end of 2012.

The Canadian Environmental Assessment Agency also completed its review of the Project. The work done by the various Federal Agencies confirmed that there are no triggers for a federal level environmental assessment. Therefore, it was determined that a federal level Canadian Environmental Assessment is not required.

NML submitted, in September 2010, an EIS to the Government of Quebec ("**GOQ**") for Phase 2 of the DSO Project. This review process is well advanced. Phase 2 of mining operations includes the Goodwood, Sunny 1, Kivivic 3 S and Leroy 1 deposits in QC.

The DSO project will generate important social benefits for the Province of NL, especially in Labrador West, and for such aboriginal corporations as the Tshiuetin Rail Transportation Inc. and Air Inuit. It will also provide significant benefits for the Province of QC and the affected aboriginal communities in both provinces.

On March 24, 2011, NML received project release, subject to a number of customary terms and conditions, from the GNL for the Joan Lake area of the DSO Project. Joan Lake is part of Phase 2 of the DSO Project. The release allows completion of the permitting process required to start mining Phase 2 of the DSO Project, scheduled to begin in 2013, and includes the Kivivic 1, 2, 3N, 4, 5 and Timmins 8 deposits.

It also became possible to proceed with construction of the Labrador portion of the road connecting the processing complex at the Timmins area to the Phase 2 mines.

The Canadian Environmental Assessment Agency confirmed that the Joan Lake Project would not trigger a federal impact assessment.

Awarding of EPCM contract

An engineering, procurement and construction management ("**EPCM**") contract was awarded by TSMC in April, 2011 to AECOM Technology Corporation, Montreal, QC.

Start of mobilization to commence construction during this summer

On June 8, 2011, NML announced the start of mobilization to commence construction. A 192 person modular camp for the Timmins Plant and Mine site was procured. Start of construction of the camp represented an important milestone towards achieving the objective to bring the mine into production in the second half of 2012.

Approval of the surface lease application by TSMC

On July 13, 2011, NML announced that the surface lease application by TSMC had been approved by the GNL. The surface lease application covered the Timmins area, which is the site for the camp, processing plant, offices, warehouse, maintenance shops and related infrastructure.

Issuance of permits for the site preparation and construction of the camp

Also on July 13, 2011, NML announced that the permits for site preparation and construction of the camp were issued by the GNL. Camp modules were progressively shipped to the site and erection of the camp began in August 2011.

Award of General Construction Contract

On November 22, 2011, NML announced that TSMC had awarded a General Construction Contract to Innu Municipal LP ("**IML**") of Labrador City, NL. IML mobilized and started with foundation excavation. IML is responsible for general construction at the Timmins area, where the processing plant, offices, warehouse, maintenance shops and related infrastructure are to be installed under a dome measuring 106 meters wide x 182 meters long dome with an apex height of 42 meters.

Update on Construction progress

Also on November 22, 2011, NML announced that the permit application for site excavation, construction of the processing plant and related infrastructure were approved by the GNL, subject to customary conditions, and that TSMC was proceeding to satisfy these conditions. The order for the supply of the building structure was placed with Big Span Structures based in Hernando, Florida, USA. The space frame dome system covering under one roof the entire processing complex and related facilities will provide a year round climate controlled environment during operations, thereby enhancing plant efficiency and productivity.

Civil work related to the processing plant and ancillary facilities was initiated and has carried through the winter months. TSMC also started the procurement of long delivery process equipment. The camp was inaugurated and operational in Q1, 2012.

Start of 2011 drilling program at the DSO properties to convert historical resources for NI 43-101 compliance and hydrogeological survey

On August 8, 2011, NML announced that TSMC would start hydrogeological as well as exploration drilling at several DSO deposits. TSMC engaged the services of Forages Lbm Inc. of Victoriaville, Québec, to undertake about 4,000 meters of reverse circulation drilling.

TSMC owns 25 DSO deposits located near Schefferville, Québec. The deposits are located in two places: Areas 2 & 3 and 4. Exploration drilling would be carried out in three deposits namely, Kivivic 1C, Kivivic 2 and Leroy 1, all located in Area 4. It is estimated that these three deposits contain around 25 million tonnes of historical resources. Based on the drilling results, the resource estimate will be upgraded to conform to the requirements of NI 43-101.

Hydrogeological drilling is carried out to establish ground water profiles and patterns for deposits located in both areas. The information is required to satisfy certain pre-conditions that were part of the approval of the EIS for Area 3 by the GNL. The collected information will also be used to support the on-going EIS review for Area 4 by the Government of Québec, and as further hydrogeological information required for the operation of the mines.

The hydrogeological drilling is another step toward production in that area. The data will provide valuable information to plan mining and tailings disposal operations. As to the drilling results of Kivivic 1C, Kivivic 2 and Leroy deposits, based on previous experience they are expected to provide additional tonnages of NI 43-101 compliant resources, which would increase the life of the DSO Project beyond the 12 year period assumed in the feasibility study.

TACONITE PROJECT

Binding Heads of Agreement

On March 6, 2011, after several months of negotiations, NML announced that it had signed a binding heads of agreement (the "**Binding HOA**") with Tata Steel to develop the LabMag and KéMag iron ore deposits, known collectively as the Taconite Project. The remainder of the Millennium Iron Range is retained by NML.

Under the Binding HOA, Tata Steel is participating with NML in a feasibility study ("**FS**") of the Taconite Project. The parties intend to enter into a binding joint venture agreement upon the successful completion of the FS and Tata Steel electing to develop one or both of the deposits. After formation of the joint venture, NML would have the opportunity to hold a 36% equity interest in the Taconite Project, including a 20% free carry equity interest. In addition, NML would have a 4% right of first refusal on future equity sales by Tata Steel to increase its equity interest to a maximum of 40%.

Also under the Binding HOA:

- NML and Tata Steel are jointly overseeing and supervising the preparation of the FS for the Taconite Project. Tata Steel and NML are respectively funding 64% and 36% of the cost of the FS, estimated at $ 50 million.
- The FS will be compliant with the standards of disclosure of mineral projects as stated in National Instrument 43-101 and expected to be completed within 21 months of its initiation. The FS will serve as the basis to secure financing for the Taconite Project.
- Upon conclusion of the FS, Tata Steel will have a maximum of four months to make an investment decision. A positive investment decision could involve the development of either one or both of the deposits. NML would transfer such deposit(s) along with the property and other related rights to such deposit(s) to a JVE (defined below). If Tata Steel elects to develop only one of the two deposits, NML will retain the property and related rights in respect of the remaining deposit.

The Binding HOA further provides that following a positive investment decision:

- Tata Steel would reimburse NML 64% of the estimated $30 million in expenses that were incurred by NML on the Taconite Project up to the execution of the Binding HOA. The $600,000 facilitation fee that Tata Steel paid to NML in exchange for a Taconite Project exclusivity extension from December 31, 2010 to February 28, 2011, would be credited to the payment.

- Tata Steel and NML would form a joint venture enterprise ("**JVE**") to hold the Taconite Project, where Tata Steel and NML would hold shares in the ratio of 80% and 20% respectively, the latter being the free carry interest of NML.
- Tata Steel would arrange the required equity portion of the financing (excluding NML's optional equity interest) based on a maximum capital expenditure of up to $4.85 billion if both deposits were developed and up to $4.68 billion and up to $3.76 billion respectively, if only the KéMag or LabMag deposit was developed.
- Within 60 days of Tata Steel's positive investment decision, NML would also have an option to acquire up to an additional 16% paid equity, thereby bringing its total equity in the JVE from 20% to up to 36%. This additional 16% equity would obligate NML to contribute proportionate equity funding to the JVE.
- Arranging debt financing for the project would be the responsibility of Tata Steel.
- Should Tata Steel exercise its right to invite third-party investors into the project, NML would have the right of first refusal to acquire an additional 4% of paid equity, thereby increasing its ownership in the project to a maximum of 40%.
- The parties would have an offtake right on the production in proportion to their ownership interest in the JVE.

Bulk sample collection for pilot plant testing in the Taconite Project FS

On May 24, 2011, NML announced that George Downing Estate Drilling Ltd. of Grenville-sur-la-Rouge, QC, had commenced drilling selected portions of the KéMag deposit to collect representative bulk samples for pilot plant testing to be jointly undertaken by NML and Tata Steel. The contract was for a program of approximately 5,500 meters of PQ size core (3.345″/85 mm) at the KéMag deposit designed to collect representative samples of all seven stratigraphic layers by drilling at selected locations. Full cores would be crushed, screened and blended to prepare samples for the pilot plant test and equipment sizing by vendors. 15-20 tonnes of concentrates were planned to be produced and would be used to size and design the pelletizing furnace and to provide products for evaluation to potential off-takers.

On September 1, 2011, NML confirmed that the collection of a 75 tonne bulk sample from the KéMag property had been completed in accordance with the approved schedule. The samples were subsequently crushed and blended at the Midland Research Center Laboratory ("**MRC**") at Nashwauk, Minnesota, USA, to specifications based on the pre-feasibility study mining plan. The total blended sample amounted to 51 tonnes representing seven minable stratigraphic units. Twenty tonnes were shipped to Studien Gesellschaft für Eisenerz-Aufbereitung ("**SGA**"), Germany, for the pilot plant tests to validate the concentrator flowsheet and produce concentrates to configure the pelletizing circuit. Pilot plant testing for the flowsheet validation began in November, 2011.

Engagement of an environmental consultant and of a study manager

On September 1, 2011, NML announced the engagement of SNC-Lavalin Environment ("**SNC**"), of Montreal, QC, to undertake an environmental assessment ("**EA**") for the Taconite Project FS. SNC is managing several specialized subcontractors based in the Provinces of NL and QC.

SNC is responsible for completing the EA and conducting all work necessary to table Environmental Impact Statements ("**EIS**") to the appropriate regulators by November, 2012. SNC is also required to develop a baseline data collection program. Based on its investigations, SNC will assess the Project's impact and identify mitigation measures. The scope of the work also includes consultations with the potentially affected First Nations and non-native communities.

On December 1, 2012, NML announced the engagement of Montreal-based SNC-Lavalin Group Inc. to act as the Study Manager ("**Study Manager**") for the Taconite Project FS. SNC-Lavalin is managing and integrating the work of several specialized subcontractors, recognized as renowned experts in their respective fields.

As Study Manager, SNC Lavalin is responsible for the preparation of a Feasibility Report to be used for making an investment decision as to the financing and development of the Project by Tata Steel.

The areas of responsibility for different specialized Consultants are as follows:

Met-Chem Canada Inc., Montreal, Quebec: Mining
Barr Engineering, Minneapolis, Minnesota: Concentrator and Upgrading Plant
Brass Engineering, San Ramon, California: Slurry pipeline
SNC-Lavalin, Montreal, Quebec: Tailings, site infrastructure, electrical transmission and product storage

Pilot plant concentrating and pelletizing tests are being conducted at SGA in Germany. A pelletizing technology supplier is being engaged during the course of the study to design the pelletizing facility.

EXPLORATION

Airborne Gravity and Magnetometer survey

On January 31, 2011, NML announced that its geophysical consultant had completed the final interpretation of the Airborne Gravity and Magnetometer survey that was first reported on November 3, 2010. This survey was conducted at Schefferville, QC between September 14 and November 11, 2010. The survey covered all of NML's taconite and DSO properties. In total, 8,979 line kilometres were flown.

The survey results provided NML with new drill targets, many of which were in close proximity to where DSO production would commence. The data consisting of over 50 prospective DSO targets was delivered to TSMC for development of a follow-up program. Several taconite targets also identified could potentially rival NML's LabMag and KéMag deposits, and were also targeted for further investigation.

The detailed interpretation indicated the presence in the DSO Project area of more than 50 strong gravity anomalies associated with low magnetic values. These anomalies were located in a north-westerly trending iron formation from Schefferville to Goodwood and further northward over a length of approximately 50 km. At the south end of the survey area, a group of 13 anomalies were outlined within a radius of 5 km of the proposed Timmins processing Plant location. The first phase of mining of DSO will start in this area this area in late 2012.

A second group of 10 anomalies occurred within a radius of 5 km of the Goodwood-Kivivic, near the north end of the surveyed area, where over 80% of all currently known resources are situated. The second phase of mining in the DSO Project will start in this location. Between Timmins and Goodwood over a length of 19 km, 20 anomalies were outlined over the iron formation bands. Beyond Goodwood-Kivivic, over a length of 12 km, 11 anomalies were identified.

The interpretation of the airborne high sensitivity magnetometer survey data conducted over the MIR in QC and NL covering magnetic taconite formations was also completed. Several magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits were outlined in the north and south sections of these deposits. In NL, five anomalies, one to the north and four to the south of the LabMag deposit were identified. In QC, five anomalies to the north of the KéMag deposit were outlined. All these anomalous zones have the potential to host sizable magnetic taconite deposits. Several of these anomalies are located on claims that are 100% owned by NML, which initiated ground follow-up and a major drilling program on them in 2011.

Lac Ritchie and Perault Lake Taconite anomalies

On April 27, 2011, NML announced that it would proceed with the exploration of two of the 100% owned taconite magnetic anomalies located in the MIR, with the objective of carrying out sufficient drilling to produce NI 43-101 compliant resources. The anomalies are located at Lac Ritchie, QC, and Perault Lake, NL.

Lac Ritchie, QC: This iron formation is flat lying dipping 10º to 15º towards the northeast ("**NE"**) and is very similar to the KéMag deposit in its geological setting, although the Lac Ritchie area is about 11.5 km long and 2.75 km wide with an area of 31.6 km^2, almost twice the size of KéMag.

In August, two diamond drills were moved to Lac Ritchie to start the first phase of drilling. A third drill was added to the fleet when the drilling for Bulk Sampling was completed at the KéMag deposit. Drilling was completed at the Lac Ritchie property on October 11 after 40 holes totaling 3,810 m. The holes were drilled on seven sections spaced 1 km apart. Three to seven holes, approximately spaced 500 m apart, were drilled on each section line. The drill core samples, half cores in average 6 meters long, were sent on a regular basis to MRC at Nashwauk, Minnesota, USA for analysis and testing. The core was assayed for Total Iron and the magnetite concentrate was produced using the Davis Tube and given as Davis Tube Weight Recovery percent ("**DTWR %"**). The magnetite concentrate was analyzed for iron and silica. Some selected samples were assayed for other elements.

On October 25, 2011, NML announced that it had obtained the initial drill core assay results representing 6 out of the 40 holes drilled at Lac Ritchie. Results from the first 15 holes were published on December 8 and integrated into a geological block model for resource determination and classification by SGS Geostat Ltd, Blainville, Québec.

Perault Lake, NL: This iron formation also has a strong magnetic intensity and occurs south of the LabMag deposit. It is exposed on the surface and dips between 5º to10º towards the NE. The magnetic intensity of the anomaly is found to be equal to or stronger than that of the LabMag deposit. The Perault Lake formation is 14.0 km long and 1.0 to 1.5 km wide with an area of about 17.5 km^2.

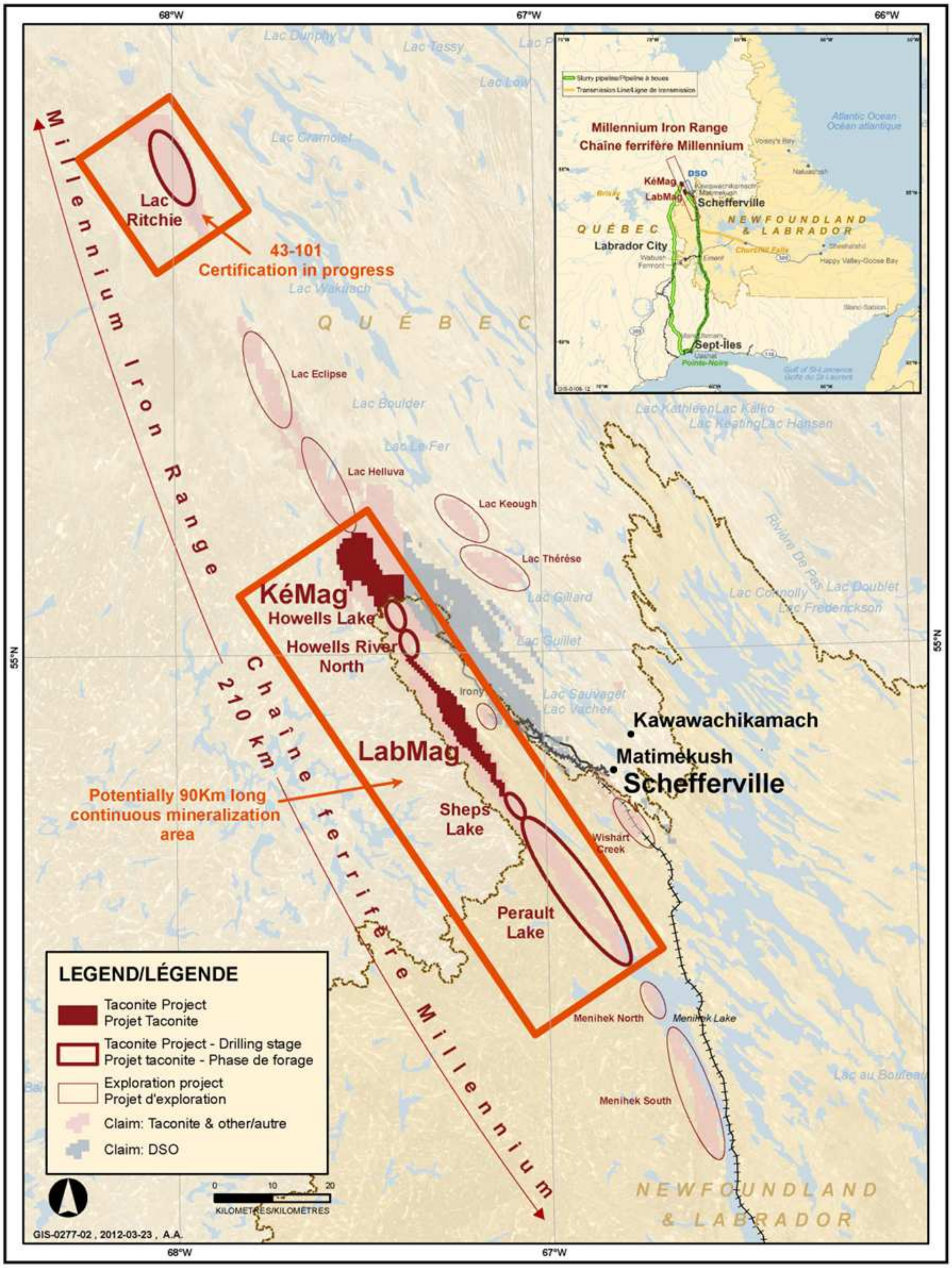
At the Perault Lake area, 49 holes for a total of 3,500 m were proposed and the drilling was planned in two stages due to weather constraints. The fall 2011 stage continued until the end of November resumption of and drilling to complete the remaining holes was scheduled for in March 2012.

New exploration target located between the KéMag and LabMag deposits

On August 11, 2011, NML announced that, based on its ongoing evaluation of historical drill results incorporating recent airborne magnetic survey data, another high priority target had been identified.

The target coincided with drill hole HR1279D drilled on the strike extension of the taconite formation connecting the LabMag and KéMag deposits, called Howells Lake. This zone extends for approximately 18 km from the north end of the LabMag Deposit to the south end of the KéMag Deposit. The taconite band in this area coincides with NL-1 and NL-2 airborne magnetic anomalies outlined based on the Airborne Magnetic survey conducted in 2010.

Figure 1
New Millennium Iron Corp. – Exploration Properties



Hole HR1279D was drilled in 2006 as an exploratory hole to check the taconite extension north west of LabMag deposit. The hole was drilled to a depth of 105 m intersecting all economic stratigraphic units. Although the results of the testing and analysis were encouraging, no additional drilling was carried out as NML decided to concentrate its efforts on KéMag and LabMag. However, the Airborne Magnetic survey conducted in 2010 indicated the presence of groups of magnetic anomalies over the taconite extension between the LabMag and KéMag deposits. Subsequent analysis by the Corporation strongly connected the drill hole and certain anomalies, thereby supporting further exploration. An initial drilling program was designed to outline the extent of a potential deposit.

GENERAL CORPORATE INFORMATION

Name change and new brand identity

On June 14, 2011, NML announced the adoption of a new brand identity and changed its name to New Millennium Iron Corp. Shareholders of the Corporation approved the name change at the annual general and special meeting held on June 8, 2011. Effective June 15, 2011, the common shares of the Corporation began trading on the TSX Venture exchange under the name New Millennium Iron Corp. The stock symbol remained “NML”.

The Company also adopted a new logo.

Bought Deal Financing

On February 2, 2011, NML announced that it had entered into an agreement with Jennings Capital and Credit Suisse Securities (Canada), Inc. (“**Credit Suisse**”) (collectively, the "**Underwriters**") pursuant to which the Underwriters agreed to purchase from NML, on a "bought deal" basis, an aggregate of 14,285,715 common shares ("**Common Share**") at a price of $3.50 per Common Share for gross proceeds to NML of $50 million. NML subsequently announced that it had agreed with the Underwriters to increase the base size of the offering to an aggregate of 15,714,286 common shares of the Company for aggregate gross proceeds of approximately C$55 million. The Company also agreed to grant the Underwriters an over-allotment to purchase an additional 15% of the offering, exercisable for 30 days following the closing of the offering to cover over-allotments and for market stabilization purposes.

On February 18, 2011, NML announced that Tata Steel had exercised its pre-emptive right to maintain its pro-rata interest in the Company, in connection with the bought deal. As a result, Tata Steel committed to subscribe for 5,860,832 common shares and up to 879,124 common shares in the event the underwriters’ overallotment option was exercised in full, in each case at the issue price of $3.50 per share.

On February 28, 2011, NML announced that it had completed its bought deal public offering of common shares. In addition to the 15,714,286 common shares the Underwriters initially agreed to purchase, the Underwriters, together with CIBC World Markets Inc. and Haywood Securities Inc., purchased 2,357,143 common shares pursuant to their exercise in full of the over-allotment option for aggregate gross proceeds of the offering to NML of approximately $63.25 million. In addition, Tata Steel purchased 6,739,956 common shares of NML under its existing pre-emptive right at $3.50 per share for gross proceeds to NML of $23,589,846, such that Tata Steel’s interest in NML remained at approximately 27% of the total shares outstanding immediately following closing.

The Corporation is using the net proceeds of the offering for its Taconite Project FS and for working capital purposes.

Listing on the Toronto Stock Exchange

On October 11, 2011, NML announced that it had obtained conditional approval to list its common shares on the Toronto Stock Exchange (“**TSX**”). The listing was subject to the Corporation fulfilling certain customary requirements of the TSX in accordance with the terms of its conditional approval letter dated October 6, 2011. Final approval was received on October 18 and the Corporation began trading on the

TSX October 19, under the existing "NML" ticker symbol. The common shares of NML were delisted on the TSX Venture Exchange prior to their commencement of trading on the TSX.

Senior management changes

On April 20, 2011, NML announced that Mr. Robert A. Martin had informed the Board of Directors that he would be stepping down from his role as President, Chief Executive Officer and Director of the Corporation, effective July 1st, 2011. Mr. Martin was one of the founding directors of NML. The company also announced that Mr. Dean Journeaux, currently a Director and Chief Operating Officer, would become President and Chief Executive Officer of the Company, effective on the same date. Mr. Martin remains associated with the Company as Chairman of the Strategic Advisory Committee to the Board of Directors, which reports to the Board in respect of long term strategies for the growth and development of NML's business.

On April 25, 2011, NML announced the appointment of Mr. Ernest Dempsey as Vice-President, Investor Relations and Corporate Affairs. Mr. Dempsey has more than 35 years of international experience in all commercial aspects of the iron ore industry, most recently in senior executive roles with Mitsubishi Corporation's Metals Group and Iron Ore Company of Canada. He is based at NML's executive office in Montréal, Canada.

On September 22, 2011, NML announced the appointment of Ms. Cathy Dornan as Vice-President, Communications, based at the Company's newly opened office in St. John's, Newfoundland. Ms. Dornan has more than 20 years of experience in the communications business working primarily in the resource sectors of mining, and oil and gas as a specialist in issues management, strategic communications planning, media relations, crisis communications and emergency response. She worked as Director of Communications for the Government of Newfoundland and Labrador from 1996-98.

Board changes

On October 31, 2011, NML announced that Mr. N.K. Misra, Mumbai, India, had resigned as a director of the Corporation to take up new duties as Executive Director, Finance, of Tata Steel Europe. He was succeeded by Mr. Sandip Biswas, Mumbai, India. Currently the Group Director - Corporate Finance and M & A for Tata Steel Limited, Mr. Biswas oversees the Tata Steel Group's financing strategies, capital structure, mergers and acquisitions, planning and execution of capital raising activities for both debt and equity, liquidity management, foreign exchange risk management, investor relations activities and corporate/legal affairs among other responsibilities. He also serves as a director of various Tata Steel subsidiaries and joint ventures both in India and abroad.

On December 6, 2011, NML announced that General (Ret.) Rick Hillier, CMM, MSC, CD had joined the Board of Directors. General Hillier was the Chief of the Defense Staff of the Canadian Forces from February 4, 2005 until his retirement on July 1, 2008 and is the highest ranking Newfoundland and Labrador officer in history. A native of Campbellton, Notre Dame Bay, Newfoundland, he is an alumnus of Memorial University of Newfoundland ("MUN") and was appointed as Chancellor of MUN effective July 3, 2008. In addition, he supports many other worthwhile initiatives, including project hero, a scholarship program for the children of Canadian Forces personnel killed while on active military duty, the Military Families' Fund, Wreaths Across Canada, Honour House, Women in Defence and Security, True Patriote Love and the Vimy Foundation. General Hillier was named to the Order of Canada in January 2012.

SUBSEQUENT EVENTS

DSO PROJECT

Impact and Benefit Agreements - Signing by TSMC of the fourth and final IBA concluded with regard to the DSO Project

On February 28, 2012, NML announced the signing of an IBA between TSMC and ITUM of Sept-Îles, Quebec. The “life of mine” agreement promotes and governs a mutually beneficial development of TSMC's DSO project.

The IBA establishes the processes and sharing of benefits that will ensure an ongoing positive relationship between the parties. In return for their consent and support of TSMC’s DSO project, ITUM will benefit through training, employment, business opportunities and financial participation in the project.

The agreement with ITUM was the fourth and final IBA concluded with regard to the DSO Project. A first IBA with the Naskapi Nation of Kawawachikamach was concluded on June 10, 2010, a second IBA with the Nation Innu Matimekush-Lac John on June 6, 2011, and a third IBA with the Innu Nation of Labrador on November 11, 2011.

Rail Transportation Agreements with QNS&L

On January 20, 2012, NML announced that TSMC had entered into a life of mine Confidential Rail Transportation Contract and Locomotive Rental Agreement with Quebec North Shore and Labrador Railway Company Inc. (“**QNS&L**”), a wholly owned subsidiary of the Iron Ore Company of Canada, for the transportation of products from the DSO Project, from Emeril Junction, NL, to Arnaud Junction in Sept-Îles, QC.

QNS&L is a federally regulated common carrier. Railcars will be provided by TSMC. Locomotives will be provided by QNS&L, along with certain infrastructure improvements to be funded by TSMC. These new agreements are an important step in the logistics process of delivering iron ore products to Tata Steel Europe for “life of mine”, expected to be 15 years or more, and provide cost and transport certainty to TSMC over the QNS&L railway for the future.

DSO Project Progress

On February 8, 2012, NML released an update on the progress of TSMC’s DSO Project and the planned start-up schedule.

<u>Procurement of Major Equipment:</u>
Orders for the following major process equipment and long lead items have been placed:

- Mineral sizing station
- Jigs and Wet High Intensity Magnetic Separators (“**WHIMS**”)
- Spiral Classifiers and Hydrosizers
- Dewatering and Drying
- Diesel Generators
- Rail Cars

<u>Construction and Production Start-up:</u>
A rigid frame structural dome is being fabricated at the manufacturer’s plant. Pre-cast concrete foundations have been cast and delivered to the site. The dome erection is expected to be completed in Q2, 2012. The installation of mechanical and electrical equipment is expected to start in Q3, 2012. The equipment will be progressively commissioned to enable starting of production before year end. Mine preparation work is expected to begin in Q3, 2012.

Rail Transportation & Port Logistics:
Following progress has been achieved:

- KéRail: 18 km long spanning from the Timmins Yard to Tshiuetin Railway ("**TSH**") will be built by and operated by an Independent Rail operating company. An MOU has been signed with an Operator and the final agreement is being negotiated. Construction is expected to start in Q2.
- TSMC has signed an MOU covering the haulage of ore from Schefferville to Emeril Junction by TSH. The final agreement will involve financing of TSH's track rehabilitation program.
- QNS&L: A life of mine tariff agreement has been signed with QNS&L to haul ore train from Emeril to Arnaud Junction.
- Rail cars are under fabrication and will be delivered progressively in Q3.
- TSMC is negotiating with operators to handle its ore dumping, stockpiling and shiploading at Sept-Iles.
- TSMC has an agreement with the Sept-Iles Port Authority ("**SIPA"**) for handling its ships over SIPA's docks.

EXPLORATION

Drill Assay Results from NML's Lac Ritchie Taconite Property

On January 19 and 20, 2012, NML announced additional drill core assay results from its 100% owned Lac Ritchie property where 40 holes for a total of 3,810 m were drilled in 2011. These are summarized in Table 1 below.

The drill core samples, half cores, on average 6 meters long, were sent on a regular basis to the MRC Laboratory for analysis and testing. The core was assayed for Total Iron and the magnetite concentrate was produced using the Davis Tube and given as Davis Tube Weight Recovery percent ("**DTWR %**"). The magnetite concentrate was analyzed for iron and silica. Some selected samples were assayed for other elements. Based on the drill core analyzed, the Lac Ritchie taconite showed an average of 31.05% Fe with 28.95% DTWR. The Davis Tube concentrate averaged 67.82% Fe and 4.26% SiO_2.

Drill Assay Results from NML's Howells Lake and Perault Lake Taconite Targets

On January 26, 2012, NML announced new drill core assay results from its Howells Lake and Perault Lake properties. The results are summarized in Table 2 below.

During the 2011 drilling campaign at Howells Lake area, three holes for a total of 347 m were drilled, while at Perault Lake two holes for a total of 159 m were drilled. The drill core samples, half cores, on average 6 meters long, were sent on a regular basis to the MRC Laboratory for the same analysis and testing procedures as undertaken for the Lac Ritchie properties. Based on the four hole drill core analyzed to date, the Howells Lake Taconite showed an average of 31.26% Fe with 29.37% DTWR. The Davis Tube concentrate averaged 69.56% Fe and 2.77% SiO_2.

2012 Drilling Program

On January 26, 2012, NML announced that its 2012 drilling program would start by early March. Approximately 80 holes for a total of 6,500 meters are targeted for the Howells Lake and Perault Lake areas. In addition, approximately 2,000 m of exploratory drilling is planned to evaluate the other airborne magnetic anomalies located both in the MIR and other magnetic taconite prospects occurring outside the MIR, all of which are owned 100% by NML. George Downing Estate Drilling Ltd is carrying out the 2012 drilling program.

Table 1 - Lac Ritchie

Lean Chert Unit Test Analysis and Assay Results from 32 of 40 Holes Drilled – January 2012

Hole No.	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
11LR1001D	58.9	29.12	30.59	68.18	3.81
11LR1002D	82.3	31.82	33.22	67.63	4.41
11LR1003D	41.5	30.44	28.49	67.86	3.87
11LR1004D	65.0	32.75	27.41	67.91	4.59
11LR1005D	59.3	32.58	27.54	68.23	4.17
11LR1007D	57.5	30.71	31.97	68.44	3.97
11LR1008D	45.7	31.7	29.95	69.32	3.13
11LR1009D	48.0	31.70	30.69	66.79	5.50
11LR1010D	13.2	30.46	34.14	66.41	3.40
11LR1012D	48.3	29.57	29.64	67.36	4.28
11LR1013D	38.2	31.28	27.98	67.86	3.91
11LR1014D	53.8	29.16	32.94	65.70	6.53
11LR1015D	9.9	30.89	30.00	68.82	3.98
11LR1016D	7.1	23.02	25.37	67.27	4.10
11LR1017D	1.1	24.19	21.00	70.53	2.42
11LR1019D	54.0	29.57	20.50	68.56	3.63
11LR1021D	58.5	31.08	34.40	64.07	7.72
11LR1022D	21.3	28.70	24.70	68.30	3.44
11LR1023D	63.7	30.43	31.62	67.03	5.01
11LR1024D	59.0	30.24	20.01	70.05	2.38
11LR1026D	65.6	31.47	25.29	69.53	2.67
11LR1027D	39.1	31.79	28.45	68.41	3.75
11LR1028D	25.9	28.97	34.23	64.06	8.10
11LR1029D	60.0	32.62	28.90	69.72	2.60
11LR1030D	49.3	32.21	28.09	66.88	5.52
11LR1031D	55.3	30.52	26.02	68.82	3.54
11LR1032D	31.0	30.40	27.31	68.81	2.89
11LR1034D	41.8	32.87	35.46	68.17	3.19
11LR1035D	10	32.25	30.30	68.44	3.54
11LR1036D	70.2	33.19	32.01	67.65	4.56
11LR1039D	55.9	27.19	20.17	65.67	6.05
11LR1040D	87.0	33.01	30.78	68.57	3.33
Hole No.	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%

Note: With average thickness of 46.2 meters for the magnetic mineralized formation of these 32 holes

Table 2 - Howells Lake and Perault Lake
Test and Assay Results – January 2012

Hole No. Area	Stratigraphic Unit	Interval m	Total Fe%	DTWR%	Concentrate Fe%	Concentrate SiO_2%
Howells Lake						
06HR1279D	LC	15.1	30.73	30.03	69.14	3.79
	JUIF	6.4	34.59	17.50	69.97	2.15
	GC	3.9	22.05	15.00	70.83	1.85
	URC	2.4	40.35	28.50	70.27	1.97
	PGC	13.0	33.96	39.19	70.29	2.25
	LRGC	35.1	32.30	34.71	70.20	2.12
	Total	75.9	32.19	31.89	70.02	2.46
11HR1282D	LC	14.0	29.98	29.02	69.58	2.98
	JUIF	7.3	35.14	21.22	69.68	2.01
	GC	1.7	12.48	6.00	70.35	2.08
	URC	3.0	35.40	27.00	70.35	1.92
	PGC	33.7	34.16	30.42	69.31	3.23
	LRC	4.8	31.24	26.50	68.99	2.14
	LRGC	17.8	29.38	34.17	70.00	2.18
	Total	82.3	31.93	29.32	69.58	2.72
11HR1281D	LC	41.8	28.74	30.30	68.52	3.54
	JUIF	5.9	32.58	33.50	68.38	3.34
	GC	2.7	20.96	11.00	70.58	1.66
	URC	3.4	32.53	28.50	70.38	1.60
	PGC	26.9	33.59	35.90	69.82	2.71
	LRC	5.1	31.92	17.00	68.24	5.18
	LRGC	17.7	29.70	32.90	70.11	1.83
	Total	103.5	30.46	31.28	69.22	2.99
11HR1280D	LC	33.0	28.09	20.50	69.00	3.50
	JUIF	6.0	34.01	14.00	70.35	2.76
	GC	4.0	24.16	17.00	69.14	1.54
	URC	2.5	37.71	37.50	70.51	2.40
	PGC	15.5	34.86	35.70	69.52	2.85
	LRC	2.2	27.91	22.00	68.08	3.02
	LRGC	34.8	31.55	27.89	70.01	2.34
	Total	98.0	30.83	25.46	69.55	2.82
Perault Lake						
11PL1001D	LRGC	12.1	33.00	26.28	69.37	1.88
11PL1002D	LC	30.0	28.03	24.10	70.41	1.65
	JUIF	6.8	31.39	26.50	69.67	1.84
	URC	4.2	34.71	24.50	71.41	1.14
	PGC	4.5	27.39	21.50	71.49	1.08
	LRC	6.5	33.58	26.00	71.11	1.28
	LRGC	12.0	31.84	22.50	70.96	1.46
	Total	64.0	30.06	25.11	70.16	1.63

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the audited Consolidated Financial Statements as of December 31, 2011 ("**financial statements**") set forth herein. As discussed in Note 2 to the financial statements, they are prepared in accordance with IFRS. IFRS 1, First Time Adoption of IFRS, has been applied by the Company as these are its first IFRS consolidated financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out in Note 2 of the financial statements and have been consistently applied to all periods presented except in instances where IFRS 1 requires or permits an exemption. These financial statements should be read with consideration given to the IFRS transition disclosures included in Note 22 and the additional disclosures included therein.

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 audited Consolidated Statement of Financial Position as of December 31, 2011 indicates cash and cash equivalents of $31,116,221, short-term investments of $75,625,267, sales taxes, other receivables and prepaid expenses of $3,299,011, the current portion of tax credits and mining duties receivable of $5,967,258 resulting in total current assets of $116,007,757, an increase of $73,999,875 from December 31, 2010. The non-current assets are comprised of long-term portion of mining duties receivable of $461,902, mineral exploration and evaluation assets of $35,918,807, property and equipment of $354,319, advances on contracts of $1,264,628 and long term investment in TSMC of $31,542,605. The total assets are $185,550,018 which is an increase of $112,577,202 from December 31, 2010.

The Company's liabilities at December 31, 2011 are its trade and other payables of $3,585,863, and advance from Tata Steel of $3,208,188 which are classified as current liabilities for a total of $6,794,051 an increase of $1,612,814 from December 31, 2010. Non-current liabilities consist of an amount due to Naskapi/LabMag Trust of $285,324 for total liabilities of $7,079,375 which is an increase of $1,898,138 from December 31, 2010. Equity attributable to shareholders of the Company is $178,232,292 an increase by $110,915,713 from December 31, 2010, and is comprised of share capital of $172,344,038, contributed surplus of $12,665,152, less the deficit of $6,776,898. The non-controlling interest is $238,351 which decreased by $236,649 from December 31, 2010, for a total equity of $178,470,643.

Working capital at December 31, 2011 of $109,213,706 is an increase of $72,387,061 from the December 31, 2010 total of $36,826,645.

The increase in working capital and equity is mainly due to the February 28, 2011, bought deal public financing and associated exercise of Tata Steel's pre-emptive right to maintaining its proportional interest which provided the Company net proceeds of approximately $82,700,000 and the December 30, 2011 sale of the DSO Properties which provided the Company a gain on disposal of approximately $31,162,000. These funds have been invested by the Company in cash and cash equivalents and short-term investments in guaranteed investment certificates, treasury bills and bonds with relatively short maturities all either issued by or backed by Canadian Federal and Provincial governments or their crown corporations. NML used its cash and cash equivalents from December 31, 2010 to pay its trade and other payables, fund its operations and the continuing exploration and evaluation of its mineral assets. The Company will use a portion of its cash and cash equivalents and short term investments in order to fund its portion of the Taconite Feasibility Study, complete new drilling projects in the taconite anomalies located in the Millennium Iron Range, and pay future corporate operating expenses. During the year, there was $5,921,979 of capitalized mineral exploration and evaluation asset expenditures, net of Québec tax credits, Québec mining duties and Tata Steel payments made in order for Tata Steel to have an option four months after completion of the Taconite feasibility study to make an investment decision involving the development of either one or both of the projects. As at December 31, 2011, 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 year ended December 31, 2011, the Company realized a net income of $21,136,320, or $0.12 per share, compared to a net loss of $10,005,524 or $0.07 per share for the comparative period in 2010. This income represents service fee revenue of $1,708,944 (2010 – Nil), operating expenses of $13,187,389, (2010 - $10,247,124), net of investment income of $845,022 (2010 - $80,090), other income of $607,950 (2010 – Nil) and gain on sale of DSO properties of $31,161,793 (2010 – Nil). The increase in the year's operating expenses is mainly due to the stock based payment expenses which increased to $6,001,000 in 2011 compared with $1,157,000 in 2010 and service fee expenses of $1,101,000 in 2011 with none in 2010 and were partially offset by general and administrative expenditures which were reduced in 2011 by $1,491,000 in relation to payments received from Tata Steel with no corresponding payment received in 2010 and the decrease in legal and advisory fees relating to the DSO Properties sale and the Taconite project which were $2,361,000 in 2011 and $6,059,000 in 2010.

The Company's net income for 2011 is a result of the gain on sale of the DSO properties. However, the Company expects to continue incurring losses until it starts 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 $35,918,807 as outlined in Note 9 to the December 31, 2011 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: LabMag Property $21,245,772, KéMag Property $9,947,087 and Other Properties $4,725,948. The cost centers for these capitalized expenditures are: mineral licenses $2,730,350, drilling $21,936,236, resource evaluation $12,776,046, environmental $8,303,088, and amortization of property and equipment $45,064. These expenditures are partially offset by tax credits and mining duties of $6,121,184 and the Tata Steel payments of $3,750,793. 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 December 31, 2011, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

ASSET HELD FOR SALE AND DISPOSED OF DURING THE YEAR

At December 31, 2010, the Company classified its DSO Properties as an asset held for sale. On September 13, 2010, Tata Steel exercised its option to acquire an 80% equity interest in the DSO Properties and on December 30, 2011, the transaction was closed with the sale of the DSO Properties to TSMC in exchange for $21,757,414 and one share of TSMC to bring NML's interest in TSMC to 20%. Tata Steel will arrange funding of the capital costs of the DSO Project up to $300 million and will commit to purchase, at world prices, 100% of the DSO iron ore production meeting certain quality specifications for the life of the mining operation

At the time of the closing an independent valuation estimated the fair market value of the DSO Properties to be $53,300,000 based upon the income approach and applying a discounted cash flow method. Using this valuation, the Company recorded a gain on disposal of the DSO Properties in the amount of $31,161,793 and an allocation to the Company's shares in TSMC of $31,542,586. Please see Note 9 in the financial statements for more details.

ANNUAL INFORMATION

The following table shows selected annual information for the Company derived from the Company's Financial Statements for the last three completed financial years.

Item	December 31, 2011 (2) (4)	December 31, 2010 (2) (4)	December 31, 2009 (4)
Gain on sale of DSO Properties	31,161,793	-	-
Investment income	845,022	80,090	140,286
Net income (loss)	21,136,320	(10,005,524)	(2,308,263)
Income (loss) per share	0.12	(0.07)	(0.02)
Fully diluted income per share(1)	0.12	-	-
Total assets	185,550,018	72,972,816	57,047,653
Long-term liabilities	285,324	-	-
Dividends	Nil	Nil	Nil

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share for 2009 and 2010
(2) Income information – IFRS basis
(3) Income information – Canadian GAAP basis
(4) Statement of financial position information – IFRS basis

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended December 31, 2011. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS and expressed in Canadian dollars.

	Dec-11	Sept-11	June-11	Mar-11	Dec-10	Sept-10	Jun-10	Mar-10
Investment Income	252,073	258,075	249,844	85,030	52,228	18,893	4,736	4,233
Net Income (Loss)	28,564,955	(1,849,133)	(2,808,553)	(2,770,949)	(1,544,460)	(7,085,214)	(877,651)	(498,199)
Income (Loss) Per Share (1)	0.16	(0.01)	(0.02)	(0.02)	(0.01)	(0.05)	(0.01)	(0.00)
Diluted income per share (1)	0.16	-	-	-	-	-	-	-

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

FOURTH QUARTER RESULTS

The most significant items in comparing the 2011 fourth quarter's net income to the losses in prior quarters is the gain on sale of the DSO Properties of $31,162,000 and service fee revenue of $1,709,000 for which there was no corresponding revenue in prior quarters. An increase in investments held by NML led to investment income increasing to $252,000 compared to $52,000 for Q4 2010. The service revenue and investment income were offset by general and administrative expenses for the three month period ended December 31, 2011 of $4,566,000 compared with $1,597,000 for the corresponding period in 2010.

The most significant items affecting general and administrative expenses are an increase in Q4 2011 of service fee expense of $1,101,000 for which there is no corresponding expense in Q4 2010, an increase in stock-based compensation to $1,683,000 compared with $520,000 on Q4 2010 and an increase in professional fees in Q4 2011 to $1,034,000 compared with $393,000 in Q4 2010. This increase in professional fees is due mainly to legal and advisory fees incurred for the Taconite of $757,000 in Q4

2011 compared with $20,000 in Q4 2010 and a decrease in legal fees related to the DSO sale to $35,000 in Q4 2011 when compared with $129,000 of expenses incurred in Q4 2010. Finally, $479,000 of Tata Steel payments received in Q4 2011 were recorded as a reduction of general and administrative expenses with no corresponding reduction in 2010.

As a result, the Company's net income for the fourth quarter ended December 31, 2011 totalled $28,565,000 ($0.16 per share) compared to a net loss of $1,544,000 (net loss per share of $0.01) for the comparative period in 2010.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's date of transition to IFRS is January 1, 2010.

The Company's IFRS accounting policies presented in Note 2 of the December 31, 2011 consolidated financial statements have been applied in preparing the financial statements for the year ended December, 2011 and have been used throughout all periods presented. The Company has applied IFRS 1, First-time Adoption of IFRS, in preparing these financial statements.

The Company has provided a detailed explanation of the impact of this transition in Note 22 of the Company's financial statements. Note 22 includes reconciliation of the Company's consolidated statement of shareholders' equity from Canadian GAAP to IFRS as at January 1, 2010 and December 31, 2010 and its comprehensive loss for the year ended December 31, 2010. An explanation of the impact of adopting IFRS identified in the reconciliations is also provided.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The information is provided in Note 4 of the December 31, 2011, financial statements.

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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 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. Additionally, Note 9 describes the approach taken to establish the fair market value of the DSO Properties at the time of their sale by the Company.

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 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 17 of the 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 year. The Company is not subject to any externally imposed capital requirements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at December 31, 2011 increased from December 31, 2010 by $72,387,061 to $109,213,706 due to the cash and cash equivalents and short-term investments purchased during the period using the $82,700,000 of net proceeds from the February 28, 2011 bought deal public financing (and associated exercise of Tata Steel's pre-emptive right to maintain its proportional interest). The working capital consists of cash and cash equivalents, short-term investments, sales taxes, other receivables, prepaid expenses, the current portion of tax credits and mining duties receivable and assets held for sale, net of trade and other payables and the advances from Tata Steel.

Capital Expenditures

There was $285,926 in capital expenditures during 2011 compared to $213,027 in 2010.

Commitments

Please refer to Note 21 of the financial statements for a summary of the Company's commitments.

Capital Resources

At December 31, 2011, NML has paid up capital of $172,344,038 (December 31, 2010 - $88,435,402) representing 176,267,964 common shares (December 31, 2010 – 148,752,273), capital stock to be issued of $Nil (December 31, 2010 - $203,813) and contributed surplus of $12,665,152 (December 31, 2010 - $6,590,582) that is partially offset by a deficit of $6,776,898 (December 31, 2010 - $27,913,218) resulting in total equity attributable to shareholders of the Company of $178,232,292 (December 31, 2010 - $67,316,579). In addition there is a non-controlling interest of $238,351 (December 31, 2010 – $475,000) resulting in total equity of $178,470,643 (December 31, 2010 - $67,791,579).

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 19 of the financial statements for a summary of the Company's transactions with related parties and the related period end balances.

MARKET REVIEW AND OUTLOOK

Against a background of unsettling events around the globe in 2011, including the European debt crisis, political unrest in North Africa and the Middle East, a still fragile US economy and the tragic earthquake-tsunami in Japan, world crude steel production reached 1.527 billion metric tons, which represented an increase of 6.8% over 2010 and was a new record.

China of course continued to be the driving force. Its production, which accounted for approximately 45% of 2011's global steel output, was 696 million metric tons and up by 8.9% over 2010, but slowed during the second half of 2011 as government efforts to cool the economy took effect in end user markets. There was also a reduction in European Steel production by year's end. Reflecting steel industry conditions, the seaborne iron ore market loosened in 2011's fourth quarter and pricing weakened considerably in October before recovering as the quarter progressed.

Looking ahead, WorldSteel released its latest Short Range Outlook in October 2011. It forecasted an increase in apparent increase in steel use of 6.5% in 2011, following growth of 15.1% in 2010. For 2012, the forecast is that world steel demand will grow further by 5.4%. WorldSteel terms its forecast "cautiously optimistic" in that it assumes developing economies continue to drive global growth and the policy response to the European sovereign debt crisis prevents increased volatility in the equity and financial markets.

WorldSteel suggests that by 2012, steel use in the developed world will still be at 15% below the 2007 level, whereas in the emerging and developing economies it will be 44% above. In 2012, the emerging and developing economies will account for 73% of world steel demand in contrast to 61% in 2007.

China's steel demand in 2011 is expected to grow by 7.5% and another 6.0% in 2012, to 681.6 mmt.

Although steel and iron ore industry conditions are expected to remain volatile into the first half of 2012, WorldSteel's forecast is encouraging. Furthermore, analysts agree that wealth creation, urbanization and industrialization in developing countries will continue to push up demand for steel for infrastructure, housing and durable goods and sustain iron ore demand. China alone is expected to import 1.3 billion tonnes of iron ore in 2020, versus 6i9 million in 2010.

CONTROLS AND PROCEDURES

In compliance with the Canadian Securities Administrators' National Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") for the year ending December 31, 2011. As this annual filing follows the Company becoming a non-venture issuer, the CEO and CFO are not required to make representations on disclosure controls and procedures and internal control over financial reporting. However, for the year ending December 31, 2012, the Company will be required to evaluate the design and effectiveness pertaining to disclosure controls and procedures and internal controls over financial reporting.

Disclosure Controls and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design of the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the design of disclosure controls and procedures is effective at December 31, 2011. The effectiveness of disclosure controls and procedures will be evaluated during the upcoming quarters in 2012.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal controls over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for financial reporting purposes in accordance with IFRS.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design of most critical aspects of our internal controls over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the design of internal controls over financial reporting is effective at December

31, 2011, using the criteria set forth by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission on Internal Control – Integrated Framework. The effectiveness of internal controls over financial reporting will be evaluated in the upcoming quarters in 2012.

Changes to Internal Control over Financial Reporting

No changes were made to our internal controls over financial reporting during the quarter and fiscal year ended December 31, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at December 31, 2011.

1. Share capital

a) Authorized:
   a. Unlimited number of common voting shares.
   b. Unlimited number of preferred shares, without nominal or par value, issuable in series.

b) Issued as of December 31, 2011: The Corporation had 178,030,146 common shares issued ($172,344,038).

c) Issued as of March 28, 2012: The Corporation has 178,017,646 common shares issued ($174,306,275)

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 March 28, 2012, there were 11,831,500 common shares reserved for issuance pursuant to the exercise of stock options (December 31, 2011 – 13,455,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
625,000	$0.75	August 2, 2012
1,180,000	$0.83	January 30, 2013
250,000	$1.44	March 25, 2013
70,000	$1.75	June 1, 2013
1,572,500	$0.37	January 20, 2014
33,000	$0.65	October 9, 2014
16,500	$0.88	February 2, 2015
3,537,500	$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
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

Number of Outstanding Options	Exercise Price	Expiry Date
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, 2012

3. Warrants

At March 28, 2012, there were 1,084,285 common shares reserved for issuance pursuant to the exercise of outstanding warrants (December 31, 2011 – 1,084,285) at a price of $3.50 per warrant and with an expiry date of August 28, 2012.

BUSINESS RISKS

The Company is engaged in the exploration and development of mineral properties. These activities involve a high degree of risk which, even with a combination of experience, knowledge and careful evaluation, may not be overcome. Consequently, no assurance can be given that commercial quantities of minerals will be successfully found or produced.

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment. The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

The Company has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on mineral properties. Power will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company's properties are located in the Province of NL and therefore subject to its mining legislation, which may require that primary processing be done within the province in order to obtain mining rights. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company is actively engaged in including First Nations participation in the project and expects to enter into agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile market conditions for resource commodities in the recent past, including iron ore, after several years of improving prices has resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. An extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations.

Inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years; however renewed exploration and development activity has resulted in a shortage of experienced technical staff, and heavy demand for goods and services needed by the mining community.

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies who have greater financial resources and technical capacity.

The market price of iron ore and other commodities is relatively volatile. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX may be affected by such volatility.

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

Additional risk factors are contained in the 2012 Annual Information Form dated March 28, 2012, of the Company filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

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

Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this MD&A and Annual Report for the year ended December 31, 2011.