New Millennium Iron Corp.

(Formerly New Millennium Capital Corp.)

THIRD QUARTER REPORT

2011

MESSAGE TO SHAREHOLDERS

New Millennium Iron Corp. ("NML" or the "Company") is pleased to report its unaudited financial and operational results for the three month period ended September 30, 2011.

The significant third quarter events were:

Taconite Project:

- Bulk sampling program for pilot scale testing of the Taconite Project.
- Engagement of an environmental consultant to advance the Taconite Project feasibility study.

Direct Shipping Ore ("DSO") Project:

- Approval by the Government of Newfoundland and Labrador ("GNL") of the surface lease application by Tata Steel Minerals Canada Ltd. ("TSMC").
- Issuance of permits for the site preparation and construction of the camp.
- Start of 2011 drilling program at the DSO properties to convert historical resources for NI 43-101 compliance and hydrogeological survey.

Exploration:

- Start of drilling at NML's 100% owned Lac Ritchie Property, and progress update.
- Plans to drill new exploration target located between the KéMag and LabMag deposits.

The significant subsequent events were:

Taconite Project:

- Processing of the KéMag bulk sample for pilot plant testing in the Taconite Project feasibility study.

Exploration:

- Initial drill core assay results from NML's 100% owned Lac Ritchie property
- Drilling in Perault Lake and the Anomaly N1 and N2 areas.

General Corporate information:

- Approval and listing on the Toronto Stock Exchange.
- Board Changes.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended September 30, 2011 should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes contained in this report, and the audited consolidated financial statements and MD&A for the year ended December 31, 2010 and 2009.

These 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 April 25, 2011 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, TSMC is also advancing the DSO Project to near term production.

Tata Steel, one of the world's leading steel producers, owns approximately 27% of NML and is the Company's largest shareholder and a strategic partner.

Tata Steel has exercised its exclusive option to participate in the DSO Project and has a commitment to take the resulting production at world prices. Tata Steel has also exercised its exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Project and the KéMag Project.

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.

NML's DSO project contains 64.1 million tonnes of Proven and Probable reserves at an average grade of 58.8% Fe, 8.1 million tonnes of Measured and Indicated 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 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.nmlresources.com, www.tatasteel.com and www.tatasteeleurope.com.

RESULTS OF OPERATIONS

TACONITE PROJECTS

Bulk sampling program for pilot scale testing of the Taconite Project

On July 19, 2011, NML announced that the collection of the KéMag bulk sample was progressing well, and on August 11, 2011, that it was nearing completion.

On September 1, 2011 NML confirmed that the collection of the 75 tonne bulk sample from the KéMag property had been completed in accordance with the approved schedule. The samples are being crushed and characterized at the Midland Research Centre Lab, located near Hibbing, Minnesota. Crushed samples from seven stratigraphic ore units will be blended to produce the pilot plant feed, of which 25 tonnes will be 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.

Engagement of an environmental consultant to advance the Taconite Project feasibility Study

On September 1, 2011, NML announced the engagement of SNC-Lavalin Environment ("SNC"), of Montreal, Quebec, to undertake an environmental assessment ("EA") for the Taconite Project feasibility study. SNC will manage several specialized subcontractors based in the Provinces of NL and QC. The final contract will be negotiated over the next few weeks.

SNC will be 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 during 2011 and 2012. Based on its investigations, SNC will assess the Project's impact and identify mitigation measures. The scope of the work will also include consultations with the potentially affected First Nations and non-native communities.

DSO PROJECT

Approval of the surface lease application by TSMC

On July 13, 2011, NML announced that the surface lease application by TSMC, the company that operates the DSO project on behalf of NML and Tata Steel, had been approved by GNL.

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

Permits for the site preparation and construction of the camp have also been issued by GNL. Camp modules are being progressively shipped to the site. Erection of the camp began in August 2011.

The surface lease application covers the Timmins area, where the camp, processing plant, offices, warehouse, maintenance shops and related infrastructure are to be installed.

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 would be upgraded to conform to the requirements of NI 43-101.

Hydrogeological drilling would be 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 GNL. The collected information would also be used to support the on-going EIS review for Area 4 by the Government of Québec as well 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 project beyond the 12 year period assumed in the feasibility study.

EXPLORATION

Start of Drilling at NML's 100% owned Lac Ritchie Property, and progress update

On July 19, 2011, NML announced that it had extended the current contract with George Downing Estate Drilling Ltd of Grenville-sur-la-Rouge to add a third drill and include drilling of the taconite exploration targets at Lac Ritchie and Perault Lake. NML estimated undertaking about 5,000 meters of drilling in those two targets.

Based on the results of the Airborne Magnetic survey undertaken in 2010, NML selected two of the several promising targets for further exploration. Following the evaluation of drill results, NML intends to undertake a scoping study with the objective of providing an estimate of NI 43-101 compliant resources.

The drilling would be conducted in two phases. The first phase of drilling would be along the strike of the iron formation with widely spaced holes to obtain the stratigraphic, mineralogical and grade information. The second phase of the program would be in-fill drilling. The drilling would be between sections drilled during the first phase and would cover the width of the taconite formation. An estimated total of 2,500 m would be drilled to evaluate the anomaly area with the objective of providing an estimate of NI 43-101 compliant resources.

On August 10, 2011 NML provided an update on the Lac Ritchie drilling. Two diamond drills were being moved to Lac Ritchie to start the first phase of drilling to check the airborne magnetic anomaly. A third drill would be added to the fleet when the drilling for Bulk Sampling was completed at the KéMag deposit.

Plans to drill 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, it had identified another high priority target.

The target coincides with drill hole HR179D drilled on the strike extension of the taconite formation connecting the LabMag and KéMag deposits. 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.

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 LabMag and KéMag deposits. Recent analysis by the Corporation has made a strong connection between the drill hole and certain anomalies that support further exploration. NML will conduct an initial drilling program this fall, comprising of at least five or six holes, to outline the extent of a potential deposit.

SUBSEQUENT EVENTS

TACONITE PROJECTS

Processing of the KéMag bulk sample for pilot plant testing in the Taconite Project feasibility study

On October 25, 2011, NML announced that the collected bulk sample from the KéMag deposit had been crushed and blended to the specifications based on the pre-feasibility study mining plan. The total blended sample amounted to 51 tonnes representing seven minable stratigraphic units. Twenty tonnes of the sample were sent to SGA, for conducting pilot scale tests. Pilot plant testing for the flowsheet validation is expected to start in November, 2011.

EXPLORATION

Initial drill core assay results from NML's 100% owned Lac Ritchie property

On October 25, 2011, NML announced that it had obtained the initial drill core assay results representing 6 out of 40 holes drilled during the summer of 2011 at its 100% owned Lac Ritchie property. NML is integrating the drill core analysis results into a geological block model for resource determination and classification by SGS Geostat Ltd, Blainville, Québec.

The exploration drilling was completed at the Lac Ritchie property after drilling 40 holes for a total of 3,808 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, are being sent on a regular basis to Midland Research Center Laboratory at Nashwauk, Minnesota, USA for analysis and testing. The core is assayed for Total Iron and the magnetite concentrate is produced using the Davis Tube and given as Davis Tube Weight Recovery percent (DTWR %). The magnetite concentrate is analyzed for iron and silica. Some selected samples will be assayed for other elements.

Test and assay results received to date indicate that the top stratigraphic layer is the minable unit. Thickness varies between 0 to 87 m, and averages 50 m. This unit shows an average assay result as follows, based on the analysis received to date with DTWR cutoff above 16%.

Total samples/meters	Total Fe%	DTWR%	DT Concentrate Fe%	DT Concentrate SiO2%
61/361	31.41	30.18	67.98	4.20

Drilling in Perault Lake and Anomaly N1 and N2 Areas

On October 25, 2011, NML announced that two drills had moved south to drill the Labrador taconite anomalies. The drilling had started in both areas that are 100% owned by NML, using one drill in each location during the third week of October. Nine holes for a total of 900 m will be drilled at N1 and N2 area. At the Perault Lake area, 49 holes for a total of 3,500 m are proposed and the drilling will be carried out in two phases. The present program was expected to continue till the end of November, 2011, weather permitting. Drilling is expected to resume in March 2012 to complete the remaining holes.

GENERAL CORPORATE INFORMATION

Approval and 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.

On October 18, 2011, NML confirmed the approval of the TSX, to commence trading on the TSX at the opening of business on Wednesday, October 19, 2011, under the current "NML" trading symbol. The common shares of NML were delisted on the TSX Venture Exchange prior to commencement of trading of those shares on the TSX.

Board changes

On October 31, 2011, NML announced that Mr. N.K. Misra, Mumbai, India, resigned as a director of the Corporation. Mr. Sandip Biswas, Mumbai, India, has been appointed to the NML Board as a replacement.

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the unaudited Interim Consolidated Financial Statements as of September 30, 2011 ("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. IFRS 1, First Time Adoption of IFRS, has been applied as they are part of the period covered by the Company's first IFRS consolidated financial statements as at and for the financial year ending December 31, 2011.

Certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") have been included in the March 31, 2011 financial statements for the comparative annual period. The significant accounting policies applied in the preparation of these financial statements are set out in Note 2 of the March 31st 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 in conjunction with the Company's 2010 annual financial statements and the Company's March 31, 2011 interim financial statements with consideration given to the IFRS transition disclosures included in Note 22 of the March 31, 2011 financial statements and Note 15 of the September 30, 2011 financial statements and the additional disclosure 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 unaudited Interim Consolidated Balance Sheet as of September 30, 2011 indicates cash and cash equivalents of $17,464,902, short-term investments of $70,402,753, sales taxes, other receivables and prepaid expenses of $4,102,847, the current portion of tax credits and mining duties receivable of $1,829,315 and mineral exploration and evaluation assets (DSO Properties) held for sale of $22,171,439 resulting in total current assets of $115,971,256, an increase of $73,963,374 from December 31, 2010. The long-term assets are comprised of long-term portion of tax credits and mining duties receivable of $3,842,120, mineral exploration and evaluation assets of $33,748,194, property and equipment of $319,868 and advances on contracts of $742,960. The total assets are $154,624,398 which is an increase of $81,651,582 from December 31, 2010.

The Company's liabilities at September 30, 2011 are its trade and other payables of $4,738,141, and advance from Tata Steel of $1,456,942 which are classified as current liabilities for a total of $6,195,083 an increase of $1,013,846 from December 31, 2010. Equity attributable to shareholders of the Company is $147,954,315 an increase by $80,637,736 from December 31, 2010, and is comprised of share capital of $172,292,306, contributed surplus of $11,003,862, less the deficit of $35,341,853. The non-controlling interest of $475,000 remains unchanged from December 31, 2010, for a total equity of $148,429,315.

Working capital at September 30, 2011 of $109,776,173 is an increase of $72,949,528 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 offering which provided the Company net proceeds of approximately $82,000,000, minimally offset by the losses from operations and investment in the continuing exploration and evaluation of mineral assets. These funds have been invested by the Company in cash and cash equivalents and short-term investments in guaranteed investment certificates and provincial and Government of Canada treasury bills and bonds. 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 its cash and cash equivalents and short term investments in order to fund its portion of the Taconite Feasibility Study, complete the new drilling projects in the two 100% owned taconite anomalies located in the Millennium Iron Range, and pay future corporate operating expenses. During the third quarter, there was $1,497,111 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 September 30, 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 three months ended September 30, 2011, the Company realized a net loss of $1,849,133, or $0.01 per share, compared to a net loss of $7,085,214 or $0.05 per share for the comparative period in 2010. This loss represents operating expenses of $2,107,208, (2010 - $7,104,107), net of investment income of $258,075 (2010 - $18,893). The decrease in the period's operating expenses is mainly due to the professional fees incurred in connection with Tata Steel's exercise of their DSO option which decreased from $5,930,000 in 2010 to $36,000 in 2011. Other material changes in the operations for the quarter included stock based payment expenses which increased to $1,628,000 in 2011 compared with $519,000 for the same period in 2010, and general and administrative expenditures which were reduced in 2011 by $1,012,000 in relation to payments received from Tata Steel with no corresponding payment received in 2010.

The Company expects to continue incurring operating losses until it is operating a revenue-producing mine. These losses are expected to be funded by the current cash and investments, equity financing or investments by strategic partners.

All costs associated with mineral properties, totaling $55,919,633 as outlined in Note 6 to the September 30, 2011 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: DSO Properties $22,171,439, LabMag Property $20,865,738, KéMag Property $9,582,392 and Other Properties $3,300,064. The cost centers for these capitalized expenditures are: mineral licenses $3,426,413, drilling $26,726,637, resource evaluation $23,134,673, environmental $14,628,073, and amortization of property and equipment $67,745. These expenditures are partially offset by tax credits and mining duties of $9,632,430 and the Tata Steel payments of $2,431,478. The non-controlling interest of $475,000 relates to the LabMag Property. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and evaluation work, the work programs and exploration results achieved by the Company. At September 30, 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

The Company classifies the DSO Properties as an asset held for sale, as on September 13, 2010, Tata Steel exercised its option to acquire an 80% equity interest in the DSO Properties and will be paying the Company 80% of the Company's costs incurred to the closing date to advance the DSO Properties. All the DSO Properties are contemplated to be transferred to a new company owned 80% by Tata Steel and 20% by NML. Tata Steel will arrange funding of the capital costs of 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.

The new company, TSMC, was incorporated on October 26, 2010, and Tata Steel and NML are in the process of completing the steps necessary to finalize the transfer of the DSO Properties and expect the closing date to be before November 30, 2011.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended September 30, 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 (Canadian GAAP for periods prior to January 1, 2010) and expressed in Canadian dollars.

	Sept-11 (2)	June-11 (2)	Mar-11 (2)	Dec-10 (2)	Sept-10 (2)	Jun-10 (2)	Mar-10 (2)	Dec-09 (3)
Investment Income	258,075	249,844	85,030	52,228	18,893	4,736	4,233	28,049
Net Income (Loss)	(1,849,133)	(2,808,553)	(2,077,949)	(1,544,460)	(7,085,214)	(877,651)	(498,199)	181,780
Income (Loss) Per Share (1)	(0.01)	(0.02)	(0.02)	(0.01)	(0.05)	(0.01)	(0.00)	(0.00)

(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.

(2) IFRS Basis

(3) Canadian GAAP basis

THIRD QUARTER RESULTS

For the three-month period ended September 30, 2011, general and administrative expenses were $2,107,000, compared to $7,104,000 for the corresponding period in 2010. The most significant item in comparing the third quarter's net loss is a decrease from $5,930,000 in professional fees related to Tata Steel's exercise of it's DSO option in Q3 in 2010 to $36,000 for the three months in 2011. Additional items affecting the third quarter's net loss were an increase in stock based compensation of $1,628,000 this period compared to $519,000 for the three months in 2010, and $1,012,000 of Tata Steel payments received in Q3 2011 that were recorded as a reduction of the general and administrative expenses with no corresponding reduction in 2010. An increase in investments held by NML led to investment income increasing in the period to $258,000 compared to $19,000 for the three months in 2010. As a result, the Company's net loss for the third quarter ended September 30, 2011 totalled $1,849,000 ($0.01 per share) compared to a net loss of $7,085,000 ($0.05 per share) 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 March 31, 2011 unaudited interim consolidated financial statements have been applied in preparing the financial statements for the reporting period ended September 30, 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 March 31, 2011 financial statements and Note 15 of the September 30, 2011 financial statements. Note 15 of the September 30, 2011 financial statements includes reconciliation of the Company's consolidated statement of shareholder's equity from Canadian GAAP to IFRS as at September 30, 2010 and its comprehensive loss for the three months and six months ended September 30, 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 3 of the September 30, 2011, financial statements.

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the 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 March 31, 2011, 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 March 31, 2011, 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 10 of the September 30, 2011, 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 reporting periods. 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, 2011 increased from December 31, 2010 by $72,949,528 to $109,776,173 due to the cash and cash equivalents and short-term investments purchased during the period using the $82,000,000 of net proceeds from the February 28, 2011 bought deal public offering (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 and prepaid expenses, the current portion of tax credits and mining duties receivable and assets held for sale net of trade and other payables and advances from Tata Steel.

Capital Expenditures

There was $210,595 in capital expenditures during the first nine months of 2011 compared to $213,754 in the corresponding period in 2010.

Capital Resources

At September 30, 2011, NML has paid up capital of $172,292,306 (December 31, 2010 - $88,435,402) representing 176,232,964 (December 31, 2010 – 148,752,273) common shares, capital stock to be issued of $Nil (December 31, 2010 - $203,813) and contributed surplus of $11,003,862 (December 31, 2010 - $6,590,582) that is partially offset by a deficit of $35,341,853 (December 31, 2010 - $27,913,218) resulting in total equity attributable to shareholders of the Company of $147,954,315 (December 31, 2010 - $67,316,579). In addition there is a non-controlling interest of $475,000 (December 31, 2010 – $475,000) resulting in total equity of $148,429,315 (December 31, 2010 - $67,791,579).

TRANSACTIONS WITH RELATED PARTIES

Please refer to Note 12 of the September 30, 2011, financial statements for a summary of the Company's transactions with related parties and the related period end balances.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenditures for mineral exploration and evaluation assets are provided in Note 6 of the September 30, 2011 Interim Consolidated Financial Statements that is available on NML's website at http://www.nmlresources.com/library/financial_statements.asp or on its SEDAR Page Site accessed through www.sedar.com

Included in the Company's Interim Consolidated Financial Statements were general and administration expenses of $2,107,208 (2010 – $7,104,107) for the three months ended September 30, 2011, comprised as follows: employee salaries and benefits $479,552 (2010 - $170,506), stock based compensation $1,627,591 (2010 – $519,432), professional fees $350,547 (2010 - $6,149,874), office and administration $372,464 (2010 – $151,707), office rent $90,386 (2010 - $48,575), market development $318,489 (2010 - $50,165), foreign exchange loss $4,538 (2010 - $7,228) and depreciation of property and equipment $9,659 (2010 - $6,620) which are reduced by expense recovery from TSMC of $134,438 (2010 – Nil).

MARKET REVIEW

According to statistics released by the World Steel Association, global crude steel production for the year through September was 8.5% higher than in the comparable 2010 period. However, results within the quarter showed some softening with output down marginally from August to September in both China and the United States, although Japan showed month-on-month recovery.

As China now accounts for more than 45% of global steel production, variations there significantly impact the raw materials trade. Owing to construction steel production in China running ahead of demand over the quarter and pressuring especially smaller mills, their iron ore purchases fell and caused a drop in spot prices. Contract pricing for the October to December 2011 quarter also dropped as a consequence.

BUSINESS RISKS

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

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

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

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

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

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

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

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

The mineral industry is intensely competitive in all its phases. NML competes with many other mineral exploration companies 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 Venture Exchange may be affected by such volatility.

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

Additional risk factors are contained in the 2010 Annual Information Form dated April 25, 2011, of the Company filed on SEDAR at www.sedar.com.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at September 30, 2011.

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, 2011: The Corporation has 176,232,964 common shares issued ($172,292,306).

(c) Issued as of November 22, 2011: The Corporation has 176,267,964 common shares issued ($172,345,801)

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 22, 2011, there were 12,835,000 common shares reserved for issuance pursuant to the exercise of stock options (September 30, 2011 – 12,703,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
375,000	$0.50	February 1, 2012
795,000	$0.75	August 9, 2012
250,000	$0.65	November 13, 2012
1,290,000	$0.83	January 30, 2013
250,000	$1.44	March 25, 2013
100,000	$1.65	April 30, 2013
70,000	$1.75	June 1, 2013
1,957,500	$0.37	January 20, 2014
33,000	$0.65	October 9, 2014
24,500	$0.59	December 4, 2014
28,000	$0.88	February 2, 2015
3,755,000	$0.90	June 30, 2015
36,000	$0.87	August 31, 2015
42,000	$3.52	February 8, 2016
3,315,000	$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

3. Warrants

At November 22, 2011, there were 1,084,285 common shares reserved for issuance pursuant to the exercise of outstanding warrants (September 30, 2011 – 1,084,285) at a price of $3.50 per warrant and with an expiry date of August 28, 2012.

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 Second Quarter Report.

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Unaudited Interim Consolidated Financial Statements
September 30, 2011

Financial Statements

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

(Unaudited)
(Expressed in Canadian Dollars)

	#################	December 31, 2010
	$	$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	17,464,902	12,002,984
Short-term investments (Note 5)	70,402,753	3,674,699
Sales taxes, other receivables and prepaid expenses (Note 12)	4,102,847	1,045,687
Tax credits and mining duties receivable	1,829,315	3,223,842
Mineral exploration and evaluation assets held for sale (Note 6)	22,171,439	22,060,670
	115,971,256	42,007,882
Non-current assets		
Tax credits and mining duties receivable	3,842,120	198,136
Advances on contracts	742,960	505,500
Property and equipment	319,868	186,933
Mineral exploration and evaluation assets (Note 6)	33,748,194	30,074,365
Total assets	154,624,398	72,972,816
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	4,738,141	5,181,237
Advance from Tata Steel (Note 6, 12)	1,456,942	-
Total current liabilities	6,195,083	5,181,237
EQUITY		
Share capital (Note 7)	172,292,306	88,435,402
Share capital to be issued (Note 7)	-	203,813
Contributed surplus	11,003,862	6,590,582
Deficit	(35,341,853)	(27,913,218)
Equity attributable to shareholders of the Company	147,954,315	67,316,579
Non-controlling interest	475,000	475,000
	148,429,315	67,791,579
Total liabilities and equity	154,624,398	72,972,816

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

Approved by the Board of Directors on November 22, 2011 and signed on their behalf by:

/S/ Dean Journeaux
Director

/S/ Pierre Seccareccia
Director

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

(Unaudited)
(Expressed in Canadian Dollars)

	3 months ended September 30		9 months ended September 30	
	2011	2010	2011	2010
	$	$	$	$
Revenue	-	-	-	-
Expenses				
General and administrative (Note 6, 8)	2,107,208	7,104,107	8,621,584	8,650,437
Loss before other items and income taxes	(2,107,208)	(7,104,107)	(8,621,584)	(8,650,437)
Other items				
Other income (Note 6)	-	-	600,000	-
Investment income	258,075	18,893	592,949	27,862
Loss on sale of long-term investments	-	-	-	(6,490)
Change in fair value of long-term investments	-	-	-	168,000
	258,075	18,893	1,192,949	189,372
Net loss and comprehensive loss	(1,849,133)	(7,085,214)	(7,428,635)	(8,461,065)
Attributable to:				
Non-controlling interest	-	-	-	-
Shareholders of the Company	(1,849,133)	(7,085,214)	(7,428,635)	(8,461,065)
Net loss and comprehensive loss	(1,849,133)	(7,085,214)	(7,428,635)	(8,461,065)
Loss per share - basic and diluted	(0.01)	-0.05	(0.04)	(0.06)
Weighted average number of shares outstanding	175,628,355	147,786,159	169,165,967	139,347,457

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

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

(Unaudited)
Nine months ended September 30, 2011 and 2010
(Expressed in Canadian Dollars)

	Share Capital					**Total**		
	Number of Shares Issued and Fully Paid	Amount $	Share Capital to be Issued $	Contributed Surplus $	Deficit $	**Attributable to Shareholders of the Company $**	Non Controlling Interest $	**Total Equity $**
Balance at January 1, 2010	**132,901,559**	**67,539,603**	**-**	**5,831,822**	**(17,907,694)**	**55,463,731**	**475,000**	**55,938,731**
Loss and comprehensive loss for the period	-	-	-	-	(8,461,065)	**(8,461,065)**	-	**(8,461,065)**
Issued for cash	14,285,714	20,000,000	-	-	-	**20,000,000**	-	**20,000,000**
Issued for land claims	350,000	490,000				**490,000**		**490,000**
Share-based remuneration								
- employees and directors	-	-	-	505,905	-	**505,905**	-	**505,905**
- consultants	-	-	-	130,228	-	**130,228**	-	**130,228**
Share capital to be issued in lieu of cash for legal fees	-	-	165,000	-	-	**165,000**	-	**165,000**
Exercise of stock options	505,000	394,700	-	(155,300)	-	**239,400**	-	**239,400**
Share issue costs	-	(610,626)	-	-	-	**(610,626)**	-	**(610,626)**
Balance at September 30, 2010	**148,042,273**	**87,813,677**	**165,000**	**6,312,655**	**(26,368,759)**	**67,922,573**	**475,000**	**68,397,573**
Balance at January 1, 2011	**148,752,273**	**88,435,402**	**203,813**	**6,590,582**	**(27,913,218)**	**67,316,579**	**475,000**	**67,791,579**
Loss and comprehensive loss for the period	-	-	-	-	(7,428,635)	**(7,428,635)**	-	**(7,428,635)**
Share-based remuneration								
- employees and directors	-	-	-	4,106,488	-	**4,106,488**	-	**4,106,488**
- consultants	-	-	-	211,546	-	**211,546**	-	**211,546**
Share capital issued	24,811,385	86,839,847	-	-	-	**86,839,847**	-	**86,839,847**
Share capital issued in lieu of cash - for legal expenses	212,306	203,813	(203,813)	-	-	-	-	**-**
Exercise of stock options	2,457,000	2,869,034	-	(1,119,153)	-	**1,749,881**	-	**1,749,881**
Share issue costs	-	(6,055,790)	-	1,214,399	-	**(4,841,391)**	-	**(4,841,391)**
Balance at September 30, 2011	**176,232,964**	**172,292,306**	**-**	**11,003,862**	**(35,341,853)**	**147,954,315**	**475,000**	**148,429,315**

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

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

(Unaudited)
Nine months ended September 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(7,428,635)	(8,461,065)
Adjustments for:		
Share-based remuneration		
- Employees and directors	4,106,488	505,905
- Consultants	211,546	130,228
Depreciation of property and equipment	49,810	18,303
Interest accrued on short-term investments	(185,444)	-
Interest accrued on long-term investments	(145,820)	-
Recovered expenses from Tata Steel (Note 6)	(1,011,580)	-
Loss on sale of long-term investments	-	6,490
Change in fair value of long-term investments	-	(168,000)
	3,025,000	492,926
	(4,403,635)	(7,968,139)
Net changes in working capital items (Note 11)	(5,343,815)	3,236,487
Cash flows used by operating activities	(9,747,450)	(4,731,652)
CASH FLOW FROM INVESTING ACTIVITIES		
Net purchases of short term treasury bills, term deposits and GIC's	(41,739,550)	(11,999,308)
Purchase of bonds and GIC's with maturities over one year	(24,657,240)	-
Proceeds on sale and redemption of long-term investments	-	2,842,029
Advances on contracts	(1,813,366)	(668,976)
Acquisition of property and equipment	(210,595)	(213,754)
Proceeds from Tata Steel (Note 6)	4,900,000	-
Mining duties and tax credits received	1,394,527	197,448
Additions to mineral exploration and evaluation assets	(6,412,745)	(7,275,751)
Cash flows used by investing activities	(68,538,969)	(17,118,312)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common shares	88,589,728	20,239,400
Share issue costs	(4,841,391)	(610,626)
Cash flows provided by financing activities	83,748,337	19,628,774
Net increase (decrease) in cash and cash equivalents	5,461,918	(2,221,190)
Cash and cash equivalents, beginning of period	12,002,984	9,650,874
Cash and cash equivalents, end of period	17,464,902	7,429,684

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

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The principal activities of New Millennium Iron Corp. and its subsidiaries (“the Company or NML”) are the exploration and evaluation of mineral properties. The Company was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003. On June 8, 2011, the shareholders of the Company adopted a resolution to change the name of the Company to New Millennium Iron Corp.

The address of the Company’s principal place of business is 1303 Greene Avenue, Westmount, Quebec, H3Z 2A7 and registered and records office is 1000, 250-2 St. SW, Calgary, Alberta, T2P 0C1.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *“Interim Financial Reporting”*, using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the financial year ending December 31, 2011. Accordingly, these financial statements do not include all of the information and disclosure required in annual consolidated financial statements. The accounting policies used in the preparation of the unaudited interim consolidated financial statements have been consistently applied for all periods presented unless indicated otherwise.

As such, these interim consolidated financial statements should be read in conjunction with the Company’s 2010 annual financial statements and the Company’s March 31, 2011 interim financial statements, with consideration given to the International Financial Reporting Standards (“IFRS”) transition disclosures included in Note 22 of the March 31, 2011 financial statements and Note 15 to these interim consolidated financial statements and the additional disclosures included therein.

These interim consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 22, 2011.

These accounting policies have been used throughout all periods presented in the consolidated financial statements, except where the Company has applied certain accounting policies and exemptions upon transition to IFRS. The exemptions applied by the Company and the effects of transition to IFRS are presented in Note 22 of the March 31, 2011 unaudited interim financial statements.

Basis of presentation

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

Given that the Company is in the process of transferring a mineral property to an entity that it will not control, and given that it has not yet determined whether its other mineral properties contain mineral deposits that are economically recoverable, and given that it is consequently not possible for it to reliably project cash inflows from operations, the Company’s ability to continue as a going concern is largely dependent upon its ability to raise additional financing to further explore its

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

The Directors have reviewed the Company's cash flow forecasts and operating projections as part of their consideration of going concern. Management believes they have sufficient funds available to continue operating and development programs. Accordingly, the going concern basis has been used in preparing the interim consolidated financial statements.

3 - STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the financial year ending December 31, 2011. Accordingly, they have not been applied in preparing these interim consolidated financial statements. The Company is currently assessing the impact that these standards will have on the consolidated financial statements.

The standards issued but not yet effective are as follows:

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

IFRS 9 Financial Instruments classification and measurement
This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit and loss. Guidance is also provided on financial liabilities and de-recognition of financial instruments. This new standard is effective for years beginning on or after January 1, 2013 and management has not yet determined the impact that the application of this standard will have on the consolidated financial statements.

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

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements*, and Standing Interpretations Committee ("SIC") Interpretation 12, – *Consolidation - Special Purpose Entities,* by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. Under IFRS 10, control is based on whether an investor has: 1) power over the investee; 2) exposure, or rights, to variable returns from its

(Expressed in Canadian Dollars)

3 - STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

IFRS 11 Joint Arrangements
IFRS 11 replaces the guidance on "Joint ventures" in IAS 31. The new standard introduces a principles-based approach to accounting for joint arrangements that requires a party to a joint arrangement to recognize its rights and obligations arising from the arrangement. The new standard requires that joint ventures be accounted for under the equity method thus eliminating the option to proportionally consolidate such ventures.

IFRS 12 Disclosures of Involvement with Other Entities
IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IAS 27 Separate Financial Statements
The requirements relating to separate financial statements are unchanged and included in the amended IAS 27. The other portions of IAS 27 are replaced by IFRS 10.

IAS 28 Investments in Associates and Joint Ventures
IAS 28 is amended to conform to changes resulting from the issuance of IFRS 10, IFRS 11 and IFRS 12.

Each of the above five standards has an effective date for annual periods beginning on or after January 1, 2013, with earlier application permitted so long as each of the other standards is also early applied. The early adoption of IFRS 12 is not subject to adopting the other standards. The Company is currently assessing the impact of these standards; however, initial indications suggest that these standards are not expected to have a significant impact on its consolidated financial statements.

4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2011 $	December 31, 2010 $
Cash in bank	17,464,902	1,849,238
Short-term investments	-	10,153,746
	17,464,902	12,002,984

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

(Expressed in Canadian Dollars)

5 - INVESTMENTS

At September 30, 2011, investments include:

Security	Carrying Value $	Maturity	Interest Rate
GIC's	18,678,939	Between April and September 2012	Between 0.75% and 1.65%
Treasury Bills	15,976,186	Between October and December 2011	Between 0.94 % and 1.22%
Government of Canada Bonds	35,747,628	Between January and September 2012	Between 1.04% and 1.32%
	70,402,753		
Short-term investments	70,402,753		
Long-term investments	-		

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

The fair value at September 30, 2011, of short-term investments is $70,467,842 (December 31, 2010 – approximate their carrying value).

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements
(Unaudited)
September 30, 2011
(Expressed in Canadian Dollars)

6 – MINERAL EXPLORATION AND EVALUATION ASSETS

	Direct Shipping Ore Holdings (“DSO”) Properties $	LabMag Property $	KéMag Property $	Other Properties $	Balance as at September 30 2011 $	Balance as at Dec. 31 2010 $
Balance, at December 31, 2010	22,060,670	20,515,979	8,392,819	1,165,567	-	-
Mineral licenses	(1,400)	700	10,649	79,966	3,426,413	3,336,498
Drilling	4,874	40,529	4,497,277	3,397,392	26,726,637	18,786,565
Resource evaluation	64,455	284,241	539,513	103,439	23,134,673	22,143,025
Environmental	51,955	472,923	283,047	2,649	14,628,073	13,817,499
Amortization of property and equipment	-	-	25,065	2,785	67,745	39,895
	121,284	797,693	5,344,902	3,506,265	64,557,128	54,786,984
Tax credits and mining duties	(9,115)	-	(2,183,134)	(1,451,734)	(9,632,430)	(5,988,447)
Tata Steel payments	-	(448,634)	(1,982,844)	-	(2,431,478)	-
	(9,115)	(448,634)	(4,165,978)	(1,451,734)	(12,063,908)	(5,988,447)
Balance, at September 30, 2011	**22,171,439**	**20,865,738**	**9,582,392**	**3,300,064**	**55,919,633**	**52,135,035**
Mineral exploration and evaluation assets held for sale – DSO Properties					**22,171,439**	**22,060,670**
Mineral exploration and evaluation assets not held for sale					**33,748,194**	**30,074,365**

Overview

The Company holds interests in 3,623 claims distributed between properties in Newfoundland and Labrador (“NL”) and Québec. Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LabMag Limited Partnership (“LLP”) are owned 80% by the Company through its 80% interest in LLP. Claims registered jointly are owned 71.37% directly by NML and 28.63% directly by LLP.

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

6 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

DSO Properties – Asset held for sale:

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

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

On September 13, 2010, Tata Steel exercised this option and NML and Tata Steel are in the process of completing the steps necessary to finalize the transfer of the DSO Properties and expect the closing date to be before November 30, 2011. The new company, Tata Steel Minerals Canada Ltd. ("TSMC"), was incorporated on October 26, 2010. At that time, NML acquired a 19% interest for $19 and intends to transfer the DSO properties to TSMC in return for an additional 1% interest.

During the nine-month period ending September 30, 2011, NML incurred, in connection with Tata Steel's exercise of their option, $120,000 (2010 - $ 5,930,000) in professional fees. For the three-month period ending September 30, 2011, NML incurred $36,000 (2010 – $5,930,000) in professional fees.

LabMag Property:

The LabMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the town of Schefferville, Québec. A Pre-Feasibility Study completed in

2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a pipeline to a 15 million ton per year pellet plant located at Emeril, near Wabush Township.

6 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for export overseas. A Feasibility Study has commenced on this property as per the terms of the Heads of Agreement described below.

KéMag Property:

The KéMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Lac Harris, Québec. The property, situated in the Kativik Region in northern Québec, is centered about 50 kms to the northwest of the town of Schefferville, Québec. A Pre-Feasibility Study was completed in 2009 on this Project based on a mining operation and concentrator located at Lac Harris with an estimated annual production rate of 21.2 million tonnes of concentrate. The concentrate is proposed to be shipped by a pipeline to a 15 million ton per year pellet plant located in Sept-Îles, Québec, where it is estimated in the study to be sufficient to feed the pellet plant and provide 7 million tonnes per year of concentrate for export in addition to 15 million tonnes per year of pellets. A Feasibility Study has commenced on this property as per the terms of the Heads of Agreement described below.

Other Properties:

The remaining claims include the Lac Ritchie and Perault Lake taconite exploration targets as well as other holdings of magnetic taconite and dolomite and the site of the potential Emeril plant. The Lac Ritchie claims were the subject of a drilling program, the results of such program are currently under evaluation.

Taconite Binding Heads of Agreement

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

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

As at September 30, 2011, NML has received $4,900,000 from Tata Steel on account of the option. The amounts received have been recorded as a reduction of NML expenditures. At

September 30, 2011, $2,431,478 has been recorded as a reduction of the expenditures capitalized for the mineral exploration and evaluation assets. An additional $1,011,580 has been recorded as a reduction of general and administrative expenses. The amount received in excess

6 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

of these amounts at September 30, 2011 of $1,456,942 is recorded as an advance from Tata Steel.

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

In connection with the Binding HOA, NML incurred during the nine month period ending September 30, 2011, $1,600,000 (2010 – NIL) in professional fees.

7 - EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares

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

NEW ISSUES

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

On February 28, 2011, the Company completed a bought deal offering whereby 18,071,429 of its common shares were issued at a price of $3.50 per common share for gross proceeds of $63,250,001. The underwriters were paid fees of $3,478,750 and were granted 1,084,285 common share purchase options exercisable at a price of $3.50 per purchase option for a period of eighteen months from the closing of the offering. In addition, Tata Steel purchased 6,739,956 common shares, to maintain its proportional ownership in the Company under its pre-emptive right, at $3.50 per share for gross proceeds of $23,589,846. There were $648,721 of fees paid pursuant to Tata Steel's purchase.

On March 11, 2011, the Company issued 212,306 shares at a price of $0.96 per share as an agreed payment for the provision of certain legal services.

SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive share-based compensation plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the exercise price

(Expressed in Canadian Dollars)

7 – EQUITY (continued)

permitted by the any stock exchange on which the Company's common shares are listed. The vesting period is determined by the Board of Directors and the maximum term of the options granted is five years. Some of the options only vest if certain performance criteria are met.

The share-based payments expense during the nine-month period ended September 30, 2011 was $4,318,034 ($636,133 in 2010) and is included in general and administrative expenses. For the three-month period ended September 30, 2011, the share based payment expense was $1,627,591 ($519,432 in 2010).

During the nine month period ended September 30, 2011, 3,704,000 options were granted (4,019,000 for 2010).

The weighted average fair value of options granted during the nine-month period ended September 30, 2011 was $2.11 per share (0.63 per share in 2010). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following weighted-average assumptions were used:

	September 30, 2011 (9 months)	September 30, 2010 (9 months)
Exercise price at date of grant	$3.31	$0.90
Share price at date of grant	$3.31	$0.90
Risk-free interest rate	1.84%	2.46%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	78.46%	89.84%
Dividend yield	Nil	Nil

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

Agents' warrants

As disclosed above, agents involved in NML's February 28, 2011 equity financings were granted share purchase warrants during the nine month period ending September 30, 2011. These warrants are convertible on a one for one basis into common shares of the Company. A summary of these agents' warrants is as follows:

	Number of outstanding warrants	September 30, 2011 weighted average exercise price $
Balance, beginning of period	-	-
Granted	1,084,285	3.50

(Expressed in Canadian Dollars)

Balance, end of period	1,084,285	3.50
Warrants exercisable, end of period	1,084,285	3.50

7 – EQUITY (continued)

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

8 – INFORMATION INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	3 months ended September 30		9 months ended September 30	
	2011 $	2010 $	2011 $	2010 $
Employee benefit expense				
Wages, salaries and other short-term benefits	479,552	170,506	1,538,371	568,126
Stock-based payments	1,597,100	416,856	4,106,489	505,905
Employee benefit expense	2,076,652	587,362	5,644,860	1,074,031
Other elements of expenses				
Depreciation of property and equipment	9,659	6,350	49,810	18,303

9 - INCOME TAXES

Deferred income taxes arise from temporary differences between accounting values and tax base values of various net capital assets of the Company. In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will not be realized. As at September 30, 2011, the future tax benefits from the future income tax assets, which arose as a result of applying the losses and non-capital losses carried forward to taxable income, have not been recognized in these accounts due to uncertainty regarding their utilization.

10 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

Exchange risk

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

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

On September 30, 2011, the Company had $2,478 USD, $2,598 CAD ($ 3,170,104 USD, $3,152,985 CAD at December 31, 2010) in cash and cash equivalents which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

At September 30, 2011, the Company had $66,484 USD, $67,385 CAD ($3,209,365 USD, $3,192,250 CAD at December 31, 2010) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

A $0.01 increase or decrease in the USD/CAD exchange rate would not have a material impact on net loss or equity at September 30, 2011 or December 31, 2010.

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

Interest rate risk

The cash equivalents and short-term investments bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The risk is limited because these assets involve lower risk securities such as GIC's, treasury bills and Canadian Federal and Provincial bonds with relatively short maturities. All the investments are carried at amortized cost so there is no impact on profit or loss related to fair value variation. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

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

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

Third party credit risk

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

(Expressed in Canadian Dollars)

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

11 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	September 30, 2011 $	September 30, 2010 $
Sales taxes, other receivables and prepaid expenses	(3,057,160)	59,618
Trade and other payables	(2,286,655)	3,176,869
	(5,343,815)	3,236,487

The Company received during the nine-month period interest of $265,160 (September 30, 2010 - $27,862).

Included in trade and other payables is an amount of $2,961,046 (September 30, 2010 - $1,166,349) pertaining to additions to mineral exploration and evaluation assets. Included in the cash flows used by advances on contracts is $1,575,906 (September 30, 2010 - $36,582) pertaining to mineral exploration and evaluation assets.

12 – RELATED PARTY TRANSACTIONS

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

Transactions with other related parties

Trading transactions

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

Related Party	Nature of relationship	Nature of transaction
1301738 Ontario Inc.	Controlled by an executive officer and director of the Company	Consulting and management
Davis LLP	Partnership in which a director is a partner	Legal services
Roll Harris & Associés	Partnership in which an executive officer is a partner	Consulting
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting

TSMC	Company is 19% shareholder	Advances
Tata Steel	26.8% shareholder of NML	Advances

(Expressed in Canadian Dollars)

12 - RELATED PARTY TRANSACTIONS (continued)

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

		3 months ended September 30		9 months ended September 30	
		2011	2010	2011	2010
	Note	$	$	$	$
Consolidated Balance Sheet					
Mineral exploration and evaluation assets	(i)	11,109	46,936	84,400	220,564
Share Issue Costs		(73)	-	138,294	39,043
Consolidated Loss					
General and administrative expenses	(i)	276,529	69,591	864,632	496,689

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

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

Other receivable related to advances to TSMC at September 30, 2011 was $3,084,409 (September 30, 2010 - Nil).

Accounts payable related to the above transactions at September 30, 2011 were $207,489 (September 30, 2010 - $264,731).

The advance from Tata Steel at September 30, 2011 was $1,456,942 (September 30, 2010 – Nil).

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

Transactions with key management personnel

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

Key management personnel remuneration is comprised of the following:

		3 months ended September 30		9 months ended September 30	
		2011	2010	2011	2010
	Note	$	$	$	$
Salaries and director's fees	(i), (iii)	378,088	499,485	1,583,386	1,488,040
Share-based payments	(ii),(iv)	-	-	4,239,000	1,495,663

12 - RELATED PARTY TRANSACTIONS (continued)

(i) Salaries and directors' fees include consulting and management fees disclosed above.
(ii) Share-based payments are the fair value of options granted to key management personnel during the period.
(iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the periods ended September 30, 2011 and September 30, 2010.
(iv) During the nine-months ended September 30, 2011, key management personnel exercised 1,088,500 share options (2010 – NIL) granted in the share-based compensation plan for a total of $795,625.

13 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 7 and in the interim consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

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

14 - COMMITMENTS AND CONTINGENCY

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

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

(Expressed in Canadian Dollars)

14 - COMMITMENTS AND CONTINGENCY (continued)

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

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to $1,273,623 expiring by September 2016.

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

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

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	Operating Leases $	Consulting Agreements $	Total $
Up to 1 year	110,085	64,300	174,385
1 to 5 years	1,022,338	76,900	1,099,238
Over 5 years	-	-	-
	1,132,423	141,200	1,273,623

15 – FIRST-TIME ADOPTION OF IFRS

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

The Company's IFRS accounting policies presented in Note 2 of the March 31, 2011 unaudited interim consolidated financial statements have been applied in preparing these interim consolidated financial statements for the reporting period ended September 30, 2011 and have been used throughout all periods presented and the opening consolidated statement of financial position at the date of transition. The Company applied IFRS 1 in preparing these IFRS interim consolidated financial statements. The effects of the transition to IFRS on equity, total comprehensive loss and reported cash flows already established are presented in this section, are further explained in the notes that accompany the tables and in Note 22 of the March 31, 2011 unaudited interim consolidated financial statements.

First-time adoption exemptions applied

IFRS 1, *First-time Adoption of International Financial Reporting Standards,* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transition date with all adjustments to assets and liabilities being recognized in retained earnings except in circumstances where certain exemptions are applied from full retrospective application. The Company has described the mandatory and optional exemptions applied to its opening statement of financial position dated January 1, 2010 in Note 22 of the March 31, 2011 unaudited interim consolidated financial statements.

(Expressed in Canadian Dollars)

15 – FIRST-TIME ADOPTION OF IFRS (continued)

Reconciliations and presentation differences

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

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

Reconciliation of shareholders' equity as reported under Canadian GAAP to IFRS as at September 30, 2010.

	Notes	Share Capital $	Share Capital to be Issued	Contributed Surplus $	Deficit $	Non-Controlling Interest $	Total $
As reported under Canadian GAAP – September 30, 2010		85,133,149	165,000	5,545,137	(21,802,248)	475,000	69,516,038
Effect of flow-through shares under IFRS	a	2,680,528	-	-	(2,680,528)	-	-
Deferred income tax reversal on purchase of mining claims through a tax free rollover	b	-	-	-	(843,750)	-	(843,750)
Share-based payments	c	-	-	767,518	(767,518)	-	-
Write-off of mineral exploration and evaluation assets incurred prior to purchase of LabMag Property claims	d	-	-	-	(274,715)	-	(274,715)
As reported under IFRS – September 30, 2010		87,813,677	165,000	6,312,655	(26,368,759)	475,000	68,397,573

(Expressed in Canadian Dollars)

15 – FIRST-TIME ADOPTION OF IFRS (continued)

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

	Notes	Three months ended September 30, 2010 $	Nine months ended September 30, 2010 $
Loss and comprehensive loss under Canadian GAAP		(6,565,782)	(7,822,330)
Deferred income tax reversal on purchase of mining claims through a tax-free rollover	b	-	(311,001)
Share-based payments	c	(519,432)	(327,734)
Loss and comprehensive loss under IFRS		(7,085,214)	(8,461,065)

a) Flow-through shares

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

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

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

b) Initial recognition exemption of deferred income taxes

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

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

15 – FIRST-TIME ADOPTION OF IFRS (continued)

c) Share-based payments

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

d) Pre-claim costs

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