

New Millennium Capital Corp.
THIRD QUARTER REPORT
2004

MESSAGE TO SHAREHOLDERS

New Millennium Capital Corp. (“NML” or the “Company”) is pleased to report its unaudited financial and operational results for the nine month period ended September 30, 2004.

The significant third quarter activities were:

- The closing of the acquisition of the LABMAG IRON ORE PROPERTY (“the Property) as the Company’s Qualifying Transaction
- The successful completion of financing activities to raise \$5,750,000 to develop the Property
- The announcement of the commencement of drilling activities, in Labrador, on the Property
- The announcement of special corporate governance initiatives:
 - management changes, and
 - the appointment of an additional outside director

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended September 30, 2004 should be read in conjunction with the Company’s unaudited interim financial statements and related notes contained in this report and the audited financial statements and MD&A for the year ended December 31, 2003.

Certain statements included in this discussion may constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include changes in government regulations, general economic conditions and business conditions, which among other things may affect demand for the Company’s services and the ability of the Company to implement its business strategy.

RESULTS OF OPERATIONS

Financial Results

The Interim Statement of Loss and Deficit indicates a net loss for the nine months ended September 30, 2004 of \$50,667. This loss represents evaluation expenses of \$15,997 related to the review and evaluation of potential Qualifying Transactions and general and administrative expenses of \$41,668 net of interest revenue of \$6,998.

Acquisition

On August 11, 2004 the Company announced that it had completed the acquisition (“the Acquisition”) from LabMag Mining Corp. (“LMC”) and the Naskapi Nation of Kawawachikamach (“NNK”) of an 80% undivided interest in the LabMag magnetite iron ore property comprised of 256 mineral licenses on 64 square km located in the Howells River area of western Labrador (previously defined as the “Property”). The terms of the Acquisition were described in the previous Interim Report dated June 30, 2004 and comprises the “Qualifying Transaction” of NML for the purposes of Policy 2.4 of the TSX Venture Exchange.

Financing

Concurrent with the announcement of the Acquisition, the Company announced that it had closed the financing ("the Financing") of 5,000,000 units ("Units") at a price of \$0.25 per Unit and 15,000,000 flow-through units ("FT Units") at a price of \$0.30 per FT Unit for total gross proceeds of \$5,750,000. Each Unit is comprised of one common share and one common share purchase warrant, each warrant exercisable for one year after the date of issue at a price of \$0.40 per share. Each FT Unit is comprised of one flow-through common share and one common share purchase warrant, each warrant exercisable for one year after the date of issue at a price of \$0.50 per share. The net proceeds of the financing will be used to complete the phase 1 program on the Property (described in the previous Interim Report dated June 30, 2004) and for working capital purposes.

In consideration of the services provided by Investpro Securities Inc. ("Investpro") under the financing, Investpro received a cash commission equal to 8% of the gross proceeds raised under the financing and a non-transferable option to acquire that number of common shares equal to 10% of the total number of Units and FT Units issued pursuant to the financing at an exercise price of \$0.30, for a period of 18 months after completion of the Acquisition. In addition, Investpro received a corporate finance fee of \$15,000 and has been reimbursed for certain expenses incurred in connection with the Financing on the Property.

Drilling

On September 9, 2004, the Company announced the commencement of drilling activities on the Property. As part of its \$4.7 million Phase 1 exploration program, NML plans to drill up to 16,000 meters in order to establish, at a minimum, an indicated resource of 660 million tonnes of iron ore. Drilling is being done by Innu Cartwright Drilling Inc. of Goose Bay, Labrador. By the end of September three (3) diamond drills were operating on the property and 31 drill holes (7,486 feet) had been completed. This drilling program is expected to run until mid November of this year at which time a progress report will be issued. Drill-core analysis is expected to be completed during the first quarter of 2005 and a resource estimate is expected to be completed during the second quarter. The successful completion of this resource estimate is expected to lead to the implementation of the Phase 2 exploration program – bulk sampling, pilot plant testing, flow sheet development and pre-feasibility capital and operating cost estimates.

Corporate Governance

On September 13, 2004, NML announced that Robert Martin, formerly Chief Executive Officer, was appointed President and Chief Executive Officer and Lee Nichols, formerly President, was appointed non-executive Chairman. These changes were made following the recommendations of the Company's Corporate Governance Committee in order to ensure proper compliance with industry practices.

Concurrent with the above changes, the Company announced the appointment of Roy Hudson as a director. Mr. Hudson is currently legal counsel to NML and a partner of Davis & Company, Barristers and Solicitors, practising corporate and securities law. Mr. Hudson also serves as a director of a number of other junior resource companies. Mr. Hudson was granted 225,000 stock options, exercisable at a price of \$0.36 per share. These options vested on October 15, 2004 and have a five year term.

ANNUAL INFORMATION

The following table shows selected annual information for the Company (in CDN dollars) derived from the Company's Audited Annual Financial Statements for the three most recently completed financial years (the Company was incorporated on August 8, 2003):

Item	December 31, 2003 (Cdn \$)
Total Revenue	Nil
Net Income (Loss)	(3,992)
Loss Per Share	(0.001)
Total Assets	760,825
Long Term Debt	Nil
Dividends	Nil

SUMMARY OF QUARTERLY RESULTS

The following table highlights (in CDN dollars) sales, net income and loss per share for the current and previous 7 quarters (the Company was incorporated on August 8, 2003):

	Sept-04	June-04	Mar-04	Dec-03
Revenue	2,212	2,310	2,476	Nil
Net income (Loss)	(1,566)	(17,175)	(31,926)	(3,992)
Loss Per Share	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The capital requirements of NML consist primarily of the funding of the phase 1 work program and working capital. The source of funds available to satisfy these capital requirements includes the existing cash balance, external debt financing and the equity markets.

Working Capital

The Company's working capital is \$4,696,645. This consists of cash and cash equivalents, receivables and prepaid and deferred expenses net of accounts payable and accrued liabilities.

Capital Expenditures

There were capital expenditures of \$34,623 during the first nine months of 2004. The main categories of this capital expense were computers, software and electronic equipment (\$24,330), office furniture, filing cabinets and communications equipment (\$6,256) and machinery (\$4,037).

TRANSACTIONS WITH RELATED PARTIES

The Acquisition was not considered to be a Non Arm's Length Qualifying Transaction. However, of the total issued shares of LMC, previous to the Acquisition, 40% were owned by Robert A. Martin, a director and officer of the Company and LMC, and Dean Journeaux, a director of the Company and a director and officer of LMC. Prior to the Acquisition, Mr. Martin and Mr. Journeaux owned 1.2% and 2.0%, respectively, of the total issued shares of the Company prior to the Acquisition, and upon completion of the Acquisition and the Financing, they owned 0.3% and 0.6%, respectively, of the total issued shares of the Company (not including the NML Shares issued to LMC as part of the consideration for the Acquisition). An independent committee of the Board of Directors of the Company, consisting of all the directors of the Corporation other than Mr. Martin and Mr. Journeaux, was established to negotiate the terms of the Acquisition with LMC and NNK.

OUTLOOK

The Company's objective is to develop a mining and concentrating complex in Labrador that will mine 33 million tonnes of crude iron ore per year to produce 10 million tonnes per year of concentrate and pellets for a minimum of 20 years. Subject to the completion of positive feasibility studies, project financing and project construction, the concentrate would be pumped from Labrador through a slurry pipeline, about 600 kilometres, to the Port of Sept-Iles, Quebec. This port, which is located on the north shore of the St.

Lawrence River, about 900 km east of Montreal, is open for year round vessel shipping. The concentrate would be pelletised in Sept-Iles and it is the Company's objective to produce 10 million tonnes of pellets per year. It is expected that the final pellet product would be shipped to markets in Canada, the United States, Western Europe and Asia.

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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at the date of this report.

1. Share capital

- (a) Authorized:
An unlimited number of common voting shares.
An unlimited number of preferred shares, without nominal or par value, issuable in series.
- (b) Issued:
The Company has 36,000,000 common shares issued and its share capital is \$7,443,993.

2. Options

The Company has issued 6,350,000 options to purchase common shares. Of these options, 1,000,000 (issued to directors and officers) are issued with an exercise price of \$0.10 and expiry on December 11, 2008, 800,000 (issued to Investpro) are issued with an exercise price of \$0.10 and expire on July 4, 2005, 2,080,000 (issued to directors and officers) are issued with an exercise price of \$0.30 and expire on August 10, 2009, 2,000,000 (issued to Investpro) are issued with an exercise price of \$0.30 and expire on February 10, 2006, 225,000 (issued to a director) are issued with an exercise price of \$0.36 and expire on September 13, 2009 and 245,000 (issued to employees and consultants) are issued with an exercise price of \$0.47 and expire on November 1, 2009.

3. Warrants

The Company has issued the following warrants: 5,000,000 at an exercise price of \$0.40 and 15,000,000 at an exercise price of \$0.50 expiring August 10, 2005.

ADDITIONAL INFORMATION

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

Lee Nichols, P. Geol., P. 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 Third Quarter Report.

On Behalf of the Board of Directors

signed "Robert Martin"

President & Chief Executive Officer

**November 25, 2004
Calgary, Alberta**

signed "William Almdal"

Chief Financial Officer

Notice to Reader

The accompanying unaudited interim consolidated financial statements of New Millennium Capital Corp. for the nine months ended September 30, 2004 have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. These statements have not been reviewed by the Company's external auditors.

DATED the 25th of November, 2004.

signed "Robert Martin"

President & Chief Executive Officer

signed "William Almdal"

Chief Financial Officer

NEW MILLENNIUM CAPITAL CORP.
INTERIM CONSOLIDATED BALANCE SHEET

	As at September 30 2004 (unaudited)	As at December 31 2003 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,731,582	\$ 760,825
Receivables	81,593	-
Prepaid and deferred charges	120,000	-
	4,933,175	760,825
Furniture and equipment	34,623	-
Mining property	2,365,000	-
Deferring exploration costs (Note 2)	758,066	-
	\$ 8,090,864	\$ 760,825
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 236,530	\$ 20,864
Future income tax	465,000	-
Shareholders' Equity		
Share capital (Note 3)	7,443,993	743,953
Deficit	(54,659)	(3,992)
	7,389,334	739,961
	\$ 8,090,864	\$ 760,825

See accompanying notes to the interim financial statements

NEW MILLENNIUM CAPITAL CORP.
INTERIM CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
(Unaudited)

	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2004
REVENUE		
Interest	\$2,212	\$ 6,998
EXPENSES		
General and administrative	4,655	41,668
Evaluation expenses	(877)	15,997
	3,778	57,665
Net loss for the period	(1,566)	(50,667)
Deficit, beginning of period	(53,093)	(3,992)
Deficit, end of period	\$(54,659)	\$(54,659)
Net loss per share – Basic and Diluted	\$ (0.000)	\$ (0.003)
Weighted average number of shares outstanding	24,444,444	14,744,526
Diluted shares outstanding	26,306,638	16,606,720

See accompanying notes to the interim financial statements

NEW MILLENNIUM CAPITAL CORP.
INTERIM CONSOLIDATED STATEMENT OF CASH FLOW
(Unaudited)

	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2004
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (1566)	\$ (50,667)
Items not affecting working capital		
Net changes in non-cash working capital	109,838	14,073
	<u>108,272</u>	<u>(36,594)</u>
INVESTING ACTIVITIES		
Purchase of equipment	(34,623)	(34,623)
Purchase of mining claims	(400,000)	(400,000)
Deferred exploration costs	(758,066)	(758,066)
	<u>(1,192,689)</u>	<u>(1,192,689)</u>
FINANCING ACTIVITIES		
Issue of shares	5,750,000	5,750,000
Share issue costs	(549,960)	(549,960)
	<u>5,200,040</u>	<u>5,200,040</u>
Increase (decrease) in cash and cash equivalents	4,115,623	3,970,757
Cash and cash equivalents, beginning of period	615,959	760,825
Cash and cash equivalents, end of period	<u>\$4,731,582</u>	<u>\$ 4,731,582</u>

See accompanying notes to the interim financial statements

NEW MILLENNIUM CAPITAL CORP.
Notes to the Interim Consolidated Financial Statements
(Unaudited)

1. Basis of presentation

New Millennium Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003. The Company was classified as a capital pool company as defined pursuant to TSX Venture Exchange Policy 2.4.

On December 11, 2003 the Company completed its Initial Public Offering and on August 11, 2004 it completed its Qualifying Transaction in accordance with Exchange rules.

The accounting policies used in the preparation of these interim financial statements conform to those used in the Company's annual audited financial statements. These interim financial statements do not include all of the disclosures included in the annual audited financial statements and accordingly, these interim financial statements should be read in conjunction with the annual audited financial statements.

2. Deferred exploration costs

The deferred exploration costs consist of:

	September 30, 2004
Legal fees	\$ 181,309
Geological and evaluation	82,136
Infrastructure	107,022
Field labour	34,919
Project management	27,929
Drilling	291,455
Other expenses	33,296
	\$ 758,066

Certain of the deferred exploration costs will be passed on to the shareholders pursuant to a flow-through share agreement. The future tax costs to the Company, of flowing tax benefits through to investors, have not been recorded in the accounts.

3. Share capital

- (a) Authorized:
An unlimited number of common voting shares.
An unlimited number of preferred shares, without nominal or par value, issuable in series.

(b) Issued:

Common shares	Number	Amount
Balance, August 8, 2003	-	\$ -
Issued by private placement under escrow	2,000,000	100,000
Initial public offering	8,000,000	800,000
Share issue costs	-	(156,047)
Balance, December 31, 2003	10,000,000	743,953
Issued on acquisition of mining claims	6,000,000	1,500,000
Issued for cash	5,000,000	1,250,000
Issued for cash on a flow-through basis	15,000,000	4,500,000
Share issue costs		(549,960)
Balance, September 30, 2004	36,000,000	\$ 7,443,993

(c) Options

The Company follows the intrinsic value method of accounting for stock-based compensation and as a result no compensation cost has been recognized for its stock option plan.

The following table sets forth a reconciliation of stock options granted, exercised and cancelled during the periods ended September 30, 2004 and December 31, 2003.

Options	Issue Date	Name of Optionee	Number of Options	Exercise Price	Expiry Date
Issued	Dec 12, 2003	Robert Martin	352,857	\$ 0.10	Dec 11, 2008
Issued	Dec 12, 2003	Lee Nichols	133,809	\$ 0.10	Dec 11, 2008
Issued	Dec 12, 2003	William Almdal	155,715	\$ 0.10	Dec 11, 2008
Issued	Dec 12, 2003	Gerard Wood	133,809	\$ 0.10	Dec 11, 2008
Issued	Dec, 12, 2003	Dean Journeaux	111,905	\$ 0.10	Dec 11, 2008
Issued	Dec 12, 2003	John Schindler	111,905	\$ 0.10	Dec 11, 2008
Issued	Dec 12, 2003	Investpro Securities	800,000	\$ 0.10	July 4, 2005
			1,800,000		
Issued	Aug. 11, 2004	Robert Martin	433,335	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	Lee Nichols	350,133	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	William Almdal	318,933	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	Gerard Wood	391,733	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	Dean Journeaux	287,733	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	John Schindler	298,133	\$ 0.30	Aug. 10, 2009
Issued	Aug. 11, 2004	Investpro Securities	2,000,000	\$ 0.30	Feb. 10, 2006
Issued	Sept. 13, 2004	Roy Hudson	225,000	\$ 0.36	Sept. 13, 2009
			6,105,000		

(d) Warrants

The Company has issued the following warrants: 5,000,000 at an exercise price of \$0.40 and 15,000,000 at an exercise price of \$0.50 expiring August 10, 2005.

CORPORATE INFORMATION

HEAD OFFICE

140, 2723 – 37 Avenue NE
Calgary, Alberta, T1Y 5R8

AUDITORS

Grant Thornton LLP
Chartered Accountants
Calgary, Alberta

DIRECTORS

Robert Martin
John Schindler
Dean Journeaux
William Almdal
Gerard Wood
Lee C. G. Nichols
Roy Hudson

OFFICERS

Robert Martin, President & Chief Executive Officer
William Almdal, Chief Financial Officer
Lee C. G. Nichols, Chairman
Gerard Wood, Secretary

BANK

Royal Bank of Canada
333-5th Avenue S.W.
Calgary, Alberta

SOLICITORS

Davis and Company
Calgary, Alberta

TRANSFER AGENT

Valiant Trust Company
Calgary, Alberta

LISTING INFORMATION

TSX Venture Exchange
Trading Symbol – “NML”