

New Millennium Capital Corp.



ANNUAL REPORT 2005

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

Consolidated Financial Statements for the year ended December 31, 2005
(Containing information as at April 9, 2006, except as indicated)

DATED April 9, 2006

Reference is made to the audited Consolidated Financial Statements of New Millennium Capital Corp. ("NML" or the "Company") for the year ended December 31, 2005 ("FYE 2005") and the year ended December 31, 2004 ("FYE 2004"), upon which the following discussion is based. The Consolidated Financial Statements and the notes thereto, have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada.

All dollar figures are in C\$, unless otherwise stated.

FORWARD LOOKING STATEMENTS

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.

OVERALL PERFORMANCE

Overview of Business

The Company is a mineral exploration company engaged in the acquisition and exploration of strategic mineral properties. NML holds an 80% interest in the LabMag Limited Partnership ("LLP"), a partnership formed under the laws of Alberta, Canada, that holds the LabMag Iron Ore Project situated in the Province of Newfoundland and Labrador ("NL") about 220 kilometers north of Labrador City, NL, and 30 kilometers west of Schefferville, Quebec, Canada. The Naskapi Nation of Kawawachikamach ("NNK") holds the remaining 20% interest.

The development of the LabMag Iron Ore Project contemplates the construction and operation of a mine, crusher, concentrator, slurry pipeline, pellet plant, shiploading facilities and related infrastructure. Subject to positive feasibility studies and project financing, it is expected that the final pellet product would be shipped by ocean vessels to markets in Canada, the United States, Western Europe and Asia.

The Company's activities are primarily directed at the exploration, development and financing of the LabMag Iron Ore Project. Under Canadian GAAP, direct exploration, engineering, development, environmental and feasibility costs have been capitalized. Administrative and other costs have been expensed.

Results of Operations

On May 20, 2005, NML announced the results of a Mineral Resource estimate after completion of 2004 drilling activities. The estimate was based on Block A results that represent about 45% of the LabMag Property (the "Property"). The results demonstrated approximately 1.045 billion tonnes of Indicated Mineral Resources and an additional 760.7 million tonnes of Inferred Mineral Resources.

These mineral resources were provided subject to a number of assumptions including that the LabMag Iron Ore Project is economic and technically feasible, that all regulatory and environmental approvals and permits will be obtained, that sufficient financing can be raised to develop the Project and that sufficient markets are available to accept the products produced from the Property. There is no assurance that commercial production will achieve the results referred to above. Mineral resources which are not classified as reserves do not have demonstrated economic viability.

On July 14, 2005, NML announced the commencement of its 2005 drilling program on the Property. The objective of this program was to increase the already reported resources in Block A and to upgrade the existing resources to a higher grade; and, to drill about 100 holes (6,500 meters) in Block B. This drilling was completed in early October and a revised Mineral Resource estimate, based on this and previous drilling, was announced on April 13, 2006 (see subsequent events).

On August 10, 2005, the remainder of the unexercised 20,000,000 warrants (5,000,000 at an exercise price of \$0.40 and 15,000,000 at an exercise price of \$0.50) that were issued on August 11, 2004 expired. Of this total, 6,192,166 warrants were exercised in 2005. As sufficient cash was not realized from the exercise of these warrants to finance the Phase 2 work program on the LabMag Project a \$2,000,000 credit facility was negotiated with Middlemarch Partners Ltd. on September 2, 2005. This credit facility did not bear interest and was repayable on March 15, 2006. It was drawn down in \$1,000,000 installments on September 1, 2005 and September 19, 2005. As consideration for advancing the credit facility NML issued to Middlemarch 1,000,000 common share purchase warrants exercisable at an exercise price of \$0.75 until August 15, 2007.

On September 8, 2005, NML entered into a private placement financing of a minimum of \$3.5 million and a maximum of \$7 million. The financing was comprised of a combination of common share units and flow-through share units, both issued at a price of \$0.50. Each common share unit was comprised of one common share and one-half common share purchase warrant. Each whole warrant entitled the holder to acquire one common share at a price of \$0.75 for a period of 24 months following the closing. The maximum subscription amount of flow-through shares was \$4,000,000. The net proceeds of the financing were required to fund the Company's phase 2 drilling and bulk sampling program on the LabMag Project and to fund pre-feasibility engineering, base-line environmental and marketing studies and for general marketing purposes.

On September 30, 2005, NML announced that it had completed additional drilling. The total drilling on the property by NML and the previous operator, Iron Ore Company of Canada, ("IOC") was 20,135 meters (14,067 by NML and 6,068 by IOC). The company also reported on the collection and shipment of a 200 tonne bulk sample, the status of environmental base-line studies and exploration and mapping on several claim groups on various taconite and soft-iron bearing (direct shipping) claims held by NML.

On October 6, 2005, the Company announced the first closing of the private placement financing that was previously announced on September 8, 2005 for total gross proceeds of \$5,055,000 and on December 1, 2005 NML announced the closing of the second and final tranche for gross proceeds of \$945,000 thereby obtaining the maximum allowable amount of \$7,000,000 and providing the company with sufficient funds to complete the phase 2 work program, including the

pre-feasibility study, to repay the \$2,000,000 credit facility due on March 15, 2006 and to have a cash balance in excess of \$1,000,000 on June 30, 2006.

On November 28, 2005, NML announced that it had entered into a Memorandum of Understanding ("MOU") with Sinosteel Corporation ("Sinosteel") of Beijing, PRC. The purpose of this MOU was to study joint venture possibilities to develop, construct and operate the LabMag Iron Ore Project as a means for Sinosteel to establish a reliable overseas supply of pellets. In return NML is seeking project investment and iron ore sales. The entering into a definitive agreement is subject to the completion of due diligence on behalf of the Corporation and Sinosteel and the approval of the boards of directors of the Corporation and Sinosteel.

On December 15, 2005, the company announced that its wholly-owned subsidiary, LabMag Services Inc., had awarded a contract to Met-Chem Canada Inc. (Met-Chem) to complete a pre-feasibility study of the LabMag Project. Met-Chem will assess and report on the feasibility of the Project.

Subsequent Events

On January 20, 2006, NML announced that it had established its PFS design criteria for the LabMag Iron Ore Project. Mine capacity was estimated at 53.5 million tonnes per year (mtpy) of crude ore. Crushing, grinding and processing capacity at the concentrator were also estimated at 53.5 mtpy to produce 15 mtpy of magnetite concentrate, and the requirements for power at the Howells River mine-mill complex were estimated at 225 megawatts. The slurry pipeline was estimated to have a design capacity of 15 mtpy with the flexibility of handling up to an additional 15% of that amount. The pipeline was designed to transport concentrate from the concentrator to a pellet plant with two indurating lines of 7.5 mtpy capacity each, or a total of 15 mtpy of iron ore pellets. The final pellet product will be further transported to a 3.5 million tonne capacity storage yard located at a deep water port capable of loading ships in the capacity range of 25,000 up to 360,000 dead weight tonnes.

On March 1, 2006, the Company announced that it would be modifying its pre-feasibility design criteria as a result of recent meetings with representatives of the Government of Newfoundland and Labrador. The PFS will now focus on the prospect of locating the proposed pellet plant near Ross Bay Junction in Labrador, approximately 220 km south of the proposed mine site and approximately 60 km east of Labrador City by road. In this case, concentrate would be transported from the mine site through a 225 km slurry pipeline and the pellets would be transported by railway, approximately 400 km, from Ross Bay Junction to the port at Pointe Noire, Quebec for vessel shipment to markets in Canada, the United States, Western Europe and Asia.

On March 24, 2006, NML announced that it had closed a non-brokered private placement for gross proceeds of \$3,000,000. The Corporation issued 4,000,000 common share units at a price of \$0.75 per Unit. Each unit consists of one common share in the share capital of the Corporation and one-half of one common share purchase warrant of the Corporation. Each whole warrant will entitle the holder to purchase one additional common share at a price of \$1.25 per share for a period of two years from the closing of the financing. If, during the warrant term, the closing price of the common shares on the TSX Venture Exchange is a least \$1.75 for a minimum of 10 consecutive trading days (whether or not trading occurs on such days) the Corporation may, in its sole discretion, within 30 days, provide written notice to the holder that the exercise period has been reduced to 30 days following delivery of such notice. The proceeds will be used to fund the Corporation's 2006 environmental base-line studies and for general working capital purposes.

Drill results for the 2005 drill program on Block A and Block B were released by NML on February 28 and March 29, 2006, respectively. These results continued to indicate that a high quality Davis Tube ("DT") concentrate, containing more than 69% iron and less than 3% silica, could be made from the rock represented by these diamond drill cores.

On April 13, 2006, the Company provided the results of an updated Mineral Resource estimate that includes the 2004 and 2005 drilling programs for the Property. The results demonstrate approximately 3.084 billion tonnes of Measured Mineral Resources, and an additional 581 million tonnes of Indicated Mineral Resources, for a total of 3.665 billion tonnes. Other resources which are classified as Inferred amount to 1.475 billion tonnes. All Mineral Resources are classified in accordance with National Instrument 43-101. The Davis Tube Weight Recoveries ("DTWR"), on which the cut-off for the Mineral Resource is based, and associated Davis Tube Concentrate ("DTC") grades are shown in the following Mineral Resource Estimate table.

Mineral Resource Estimate

Block	Cut-off 18% DTWR	Tonnage (Millions)	DTWR %	% Fe Head (Crude)	% Fe DTC	%SiO2 DTC
A + B	Measured	3,084	26.8	29.8	70.1	2.1
	Indicated	581	24.3	28.8	69.5	2.4
	Measured + Indicated	3,665	26.4	29.6	70.0	2.2
	Inferred	1,475	26.0	29.6	69.7	2.3

A technical report, completed by Watts, Griffis and McOuat Limited, Consulting Geologists and Engineers, in accordance with NI 43-101 will be completed within 45 days of the April 13, 2006 news release. This report is expected to be received by May 28, 2006.

Financial Condition

The following discussion of the Company's financial performance is based on the audited Consolidated Financial Statements set forth herein. The Company has restated its 2004 consolidated financial statements, as discussed in Notes 2 and 10 to the Consolidated Financial Statements (the "Restatement"). The following discussion of the Company's financial condition incorporates the effects of these restatements.

The audited Consolidated Balance Sheet as of December 31, 2005 indicates a cash position of \$4,037,888, term deposits of \$4,298,391, receivables of \$244,159 and deferred financing costs of \$46,429 resulting in total current assets of \$8,626,867. The long term assets are comprised of property and equipment of \$76,169, mineral properties of \$9,606,963 and advances on contracts of \$145,000. The total assets total \$18,454,999 which is an increase of \$10,276,959 from FYE 2004.

Liabilities at December 31, 2005 include payables of \$1,156,449 and a loan payable of \$2,000,000 for total current liabilities of \$3,156,449, with the only long term liability being future income taxes of \$1,230,504 for total liabilities of \$4,386,953, an increase of \$3,698,483 from FYE 2004. Shareholders' equity of \$14,068,046, which increased by \$6,578,476 from FYE 2004, is comprised of capital stock of \$14,554,941 and the contributed surplus of \$1,531,910 less the deficit of \$2,018,805.

Working capital, which is current assets less current liabilities, at FYE 2005 of \$5,470,418 is an increase of \$2,096,290 over FYE 2004. This is sufficient working capital to complete an updated resource certification and to complete the PFS by June 30, 2006.

For FYE 2005 NML realized a net loss of \$1,303,684 or \$0.03 per share. This loss represents operating expenses of \$2,029,754 net of interest revenue of \$93,631 and future income tax

recovery of \$632,469. These results compare to a net loss of \$711,129 or \$0.04 per share for FYE 2004.

All costs associated with mineral properties (\$9,606,963) have been classified as deferred exploration costs. The cost centres for these capitalized items are: mineral licenses (\$2,783,694), drilling (\$2,569,045), resource evaluation (\$2,386,390), environmental (\$954,617), field labour and supplies (\$394,549), exploration (\$243,953), legal (\$181,309), and geological and evaluation (\$93,406).

The weighted average number of common shares outstanding for the period ended December 31, 2004 was 17,260,656 and increased to 42,355,537 for the year ended December 31, 2005. The deficit at the beginning of the year was \$715,121 and increased due to the net loss for the year to \$2,018,805 at the end of 2005.

ANNUAL INFORMATION

The following table shows selected annual information for the Company derived from the Company's Audited Annual Financial Statements for the three completed financial years since incorporation of the Company on August 8, 2003. For the 2004 fiscal year, the Restatement reduced the net loss by \$261,600, reduced the loss per share by \$0.02 and reduced the long term liabilities by \$1,614,600.

Item	December 31, 2005	December 31, 2004 (Restated)	December 31, 2003
Total Revenue	93,631	22,157	Nil
Net Loss	(1,303,684)	(711,129)	(3,992)
Loss Per Share(1)	(0.03)	(0.04)	(0.00)
Total Assets	18,454,999	8,178,040	760,825
Long Term Liabilities	1,230,504	464,796	Nil
Dividends	Nil	Nil	Nil

Note: (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.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the five quarters of operation since incorporation of the Company on August 8, 2003. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars. For the quarter ending in December 2004, the restatement reduced the net loss by \$261,600 and reduced the loss per share by \$0.02.

	Dec-05	Sept-05	June-05	Mar-05	Dec-04 (Restated)	Sept-04	June-04	Mar-04	Dec-03
Revenue	39,983	11,321	18,034	24,293	15,159	2,212	2,310	2,476	Nil
Net Loss	(575,460)	(214,301)	(275,651)	(238,272)	(660,462)	(1,566)	(17,175)	(31,926)	(3,992)
Loss Per Share(1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.00)	(0.00)	(0.00)	(0.00)

Note: (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.

FOURTH QUARTER RESULTS

For the three-month period ended December 31, 2005, general and administrative expenses, market development and professional fees and other expenses were \$689,373 compared to \$317,964 in the corresponding period of 2004. The fourth quarter of 2005 in particular reflects a stock based compensation charge of \$35,000 for which there was a \$534,900 charge in 2004. These expenses were partially offset during the three-month period by a future tax recovery of \$203,469 for which there was \$192,402 recovered in the fourth quarter of 2004. As a result, NML's loss for the fourth quarter ended December 31, 2005 totalled \$575,460 or \$0.01 per share as compared to a loss of \$660,462 or \$0.04 per share for the comparative period in 2004.

LIQUIDITY AND CAPITAL RESOURCES

The immediate capital requirements of NML consist primarily of the funding of an updated resource certification by May 28, 2006, the completion of a pre-feasibility study by June 30, 2006 and the completion of base-line environmental studies by September 30, 2006. The medium-term requirements consist of funding a bankable feasibility study (BFS) by October 1, 2006. 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 at December 31, 2005 increased by \$2,096,290 to \$5,470,418 due to equity financings completed during the year. This consists of cash and cash equivalents, term deposits, accounts receivables, advances on contracts and deferred financing costs net of accounts payable and accrued liabilities and loan payable.

Capital Expenditures

The Company incurred capital expenditures of \$64,726 during 2005. The main categories of this capital expense were computer hardware, software and electronic equipment (\$56,479) and office furniture and fixtures (\$8,247).

Capital Resources

At December 31, 2005, NML has paid up capital of \$14,554,941, representing 56,992,166 common shares and a deficit of \$2,018,805 that is partially offset by contributed surplus of \$1,531,910 resulting in shareholders' equity of \$14,068,046 (2004 - \$7,489,570).

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning NML's general and administrative expenses and resource property costs is provided in NML's Consolidated Financial Statements for December 31, 2005 that are available on SEDAR at www.sedar.com.

TRANSACTIONS WITH RELATED PARTIES

During FYE 2005, NML incurred costs of \$199,794 for legal fees, of which \$81,059 is payable at year-end to a legal firm with a partner who is a director of the Company. Also, during the year NML incurred costs of \$100,483 in consulting fees to companies owned by directors, of which \$62,202 is payable at December 31, 2005.

OUTLOOK

The current market forecast is for the price of iron ore to rise another 10-15% owing to continuous strong demand in Asia, predominately China. As a consequence, global pellet demand is expected to grow at an annual rate of 3.3% until 2015. Brazil and Sweden have announced new pellet projects to meet this anticipated demand; however, a potential supply gap is, nevertheless, expected to develop during the 2011 to 2012 period. The LabMag Project is expected to be well positioned to fill this supply gap.

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 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'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 may need to be generated on site.

The LabMag Project is located in the Province of Newfoundland and Labrador and therefore subject to its legislation which may require that primary processing be done within the province in order to obtain mining rights.

Recent, improved market conditions for resource commodities, including iron ore, after several years of record low prices has resulted in a dramatic increase in mineral exploration and development investment and activity in Canada. While inflation has not been a significant factor affecting the cost of goods and services in Canada in recent years, this 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 volatile and cannot be controlled. 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 extremes in price and volume volatility. The market price of securities of many early stage companies, among others, 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.

NML's directors and officers serve as directors and officers, or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the Business Corporations Act (Alberta) dealing with conflicts of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose the interest and refrain from voting on the matter unless otherwise permitted by the Business Corporations Act (Alberta). The directors and officers of the Company are required to act honestly, in good faith and in the best interests of the Company.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at December 31, 2005.

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 56,992,166 common shares issued and its share capital is \$14,554,941.

2. Options

The Company has issued to directors, officers, employees, consultants and brokers 8,990,000 options to purchase common shares. A total of 1,800,000 options were issued in 2003, 4,550,000 options in 2004, and 2,640,000 options in 2005. During 2004, 200,000 options were exercised, and in 2005, 600,000 options were exercised while 30,000 expired, leaving a balance on December 31, 2005 of 8,160,000 options.

As at December 31, 2005 the following options are outstanding:

	Number of Options	Price per share	Expiry Date
Directors and Officers	1,000,000	\$0.10	11-Dec-08
Directors and Officers	2,080,000	\$0.30	11-Aug-09
Director	225,000	\$0.36	13-Sep-09
Investpro	2,000,000 ³	\$0.30	10-Feb-06
Employees and Consultants	215,000	\$0.47	01-Nov-09
Outstanding and issued prior to January 1, 2005	5,520,000		
Employees and Consultants	50,000 ⁴	\$0.45	19-Aug-10
Employees and Consultants	25,000	\$0.52	27-Sep-10
Employees and Consultants	300,000	\$0.50	07-Oct-10
Directors and Officers	675,000	\$0.55	19-Oct-10
Employees and Consultants	190,000	\$0.55	19-Oct-10
Investpro and Raymond James	1,400,000	\$0.50	30-May-07
Outstanding and issued in FYE 2005	2,640,000		
TOTAL	8,160,000		

3. Warrants

The Company has issued the following warrants to purchase common shares to December 31, 2005:

- In 2004, 5,000,000 at an exercise price of \$0.40 and 15,000,000 at an exercise price of \$0.50 that expired August 10, 2005. Of these, 6,192,166 warrants were exercised in 2005 and the remainder expired without being exercised.
- In 2005, 4,000,000 at an exercise price of \$0.75. Of this total, 1,000,000 expire on August 15, 2007, 1,055,000 expire on October 6, 2007 and 1,945,000 expire on December 1, 2007. None of these warrants were exercised in 2005.

At December 31, 2005, 4,000,000 warrants are outstanding.

ADDITIONAL INFORMATION

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

³ These options were exercised subsequent to December 31, 2005.

⁴ 25,000 of these options expired subsequent to December 31, 2005.

New Millennium Capital Corp.
Consolidated Financial Statements
December 31, 2005

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Auditors' Report

To the Shareholders of
New Millennium Capital Corp.

We have audited the consolidated balance sheet of New Millennium Capital Corp. as at December 31, 2005 and the consolidated statements of earnings, deficit, contributed surplus and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements as at December 31, 2004 and for the year then ended, prior to adjustments for the change in accounting policy for recognition of the tax effects related to renounced deductions on flow-through shares as described in Note 2 and the adjustments for the correction of an accounting error as described in Note 10, were audited by other auditors who expressed an opinion without reservation on those statements in their report dated March 30, 2005. We have audited the adjustments to the 2004 financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

/S/ Raymond Chabot Grant Thornton LLP

Chartered Accountants

Montréal
March 17, 2006

New Millennium Capital Corp.

Consolidated Balance Sheet

December 31, 2005

	<u>2005</u>	Restated
	\$	2004
		\$
ASSETS		
Current assets		
Cash and cash equivalents	4,037,888	3,317,664
Term deposits (Note 5)	4,298,391	
Sales taxes receivable and other	244,159	280,138
Deferred financing costs (Note 6)	46,429	
	<u>8,626,867</u>	<u>3,597,802</u>
Advances on contracts	145,000	
Property and equipment (Note 7)	76,169	50,700
Mineral properties (Note 8)	9,606,963	4,529,538
	<u>18,454,999</u>	<u>8,178,040</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	1,156,449	223,674
Loan payable (Note 9)	2,000,000	
	<u>3,156,449</u>	<u>223,674</u>
Future income taxes (Note 11)	1,230,504	464,796
	<u>4,386,953</u>	<u>688,470</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 10)	14,554,941	7,408,191
Contributed surplus	1,531,910	796,500
Deficit	(2,018,805)	(715,121)
	<u>14,068,046</u>	<u>7,489,570</u>
	<u>18,454,999</u>	<u>8,178,040</u>

The accompanying notes are an integral part of the consolidated financial statements.

On behalf of the Board,

/S/ Robert A. Martin
Director

/S/ William Almdal
Director

New Millennium Capital Corp.

Consolidated Earnings

Year ended December 31, 2005

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Revenue		
Interest	<u>93,631</u>	<u>22,157</u>
Expenses		
General and administrative	901,658	292,505
Market development	540,384	
Professional fees	404,734	75,101
Stock-based compensation		
Employees and directors	23,000	477,661
Consultants	37,000	57,239
Evaluation		16,447
Amortization of property and equipment	39,257	6,735
Amortization of deferred financing costs	<u>83,751</u>	
	<u>2,029,784</u>	<u>925,688</u>
Loss before income taxes	<u>(1,936,153)</u>	<u>(903,531)</u>
Future income taxes (Note 11)	<u>632,469</u>	<u>192,402</u>
Net loss	<u>(1,303,684)</u>	<u>(711,129)</u>
Loss per share - basic and diluted	<u>(0.03)</u>	<u>(0.04)</u>
Weighted average number of shares outstanding	<u>42,355,537</u>	<u>17,260,656</u>

The accompanying notes are an integral part of the consolidated financial statements.

New Millennium Capital Corp.
Consolidated Deficit
Consolidated Contributed Surplus

Year ended December 31, 2005

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
CONSOLIDATED DEFICIT		
Balance, beginning of year		
As reported	976,721	3,992
Adjustment for prior year error (Note 10)	<u>(261,600)</u>	
As restated	715,121	3,992
Net loss	<u>1,303,684</u>	711,129
Balance, end of year	<u><u>2,018,805</u></u>	<u><u>715,121</u></u>
CONSOLIDATED CONTRIBUTED SURPLUS		
Balance, beginning of year	796,500	
Stock-based compensation expense		
Employees and directors	23,000	477,661
Consultants	37,000	57,239
Agents	545,230	261,600
Warrants issued in consideration of loan without interest	<u>130,180</u>	
Balance, end of year	<u><u>1,531,910</u></u>	<u><u>796,500</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

New Millennium Capital Corp. Consolidated Cash Flows

Year ended December 31, 2005

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
OPERATING ACTIVITIES		
Net loss	(1,303,684)	(711,129)
Non-cash items		
Amortization of property and equipment	39,257	6,735
Stock-based compensation expense		
Employees and directors	23,000	477,661
Consultants	37,000	57,239
Amortization of deferred financing costs	83,751	
Future income taxes	<u>(632,469)</u>	<u>(192,402)</u>
	<u>(1,753,145)</u>	<u>(361,896)</u>
Changes in working capital items (Note 12)	<u>328,843</u>	<u>(77,328)</u>
Cash flows from operating activities	<u>(1,424,302)</u>	<u>(439,224)</u>
INVESTING ACTIVITIES		
Term deposits	(4,298,391)	
Property and equipment	(64,726)	(57,435)
Mineral properties	(4,437,514)	(2,185,788)
Advances on contracts	<u>(145,000)</u>	
Cash flows from investing activities	<u>(8,945,631)</u>	<u>(2,243,223)</u>
FINANCING ACTIVITIES		
Loan payable	2,000,000	
Issuance of common shares	9,691,333	5,770,000
Share issue costs	<u>(601,176)</u>	<u>(530,714)</u>
Cash flows from financing activities	<u>11,090,157</u>	<u>5,239,286</u>
Net increase in cash and cash equivalents	720,224	2,556,839
Cash and cash equivalents, beginning of year	<u>3,317,664</u>	<u>760,825</u>
Cash and cash equivalents, end of year	<u><u>4,037,888</u></u>	<u><u>3,317,664</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

1 - GOVERNING STATUTES, NATURE OF OPERATIONS AND GOING CONCERN

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. During 2004, the Company completed its qualifying transaction (Note 4).

The Company is in the process of exploring and evaluating mineral properties and projects, and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the ability of the Company to obtain necessary financing to complete the exploration, development and discovery of economically recoverable reserves in the mineral properties, upon the renewal of the underlying mineral claims, maintaining of the Company's interest in the underlying mining titles and compliance with filing obligations, and upon future profitable production of these reserves or sufficient proceeds from the disposition thereof.

2 - ACCOUNTING CHANGE

Based on Emerging Issues Committee's EIC-146 relating to flow-through shares, the Company has revised its accounting policy regarding the recognition of the tax effects to the Company related to renounced deductions on issue of flow-through shares. Previously, the Company recognized the tax effect related to such renounced deductions when the expenditures were renounced. Effective 2005, the Company recognizes the future income tax liability and reduces the shareholders' equity on the date the Company files the renouncement documents with tax authorities to renounce the tax credits associated with the expenditures, provided there is reasonable assurance that the expenditures will be made. Accordingly, the following table presents the retroactive impact of this change in accounting policy:

	<u>2005</u>	<u>Restated 2004</u>
	\$	\$
Increase (decrease) in capital stock - tax effect	(1,614,600)	1,614,600
Increase (decrease) in future income tax liability	1,614,600	(1,614,600)

In February 2006, the Company filed the renouncement documents relating to the flow-through shares of \$4,000,000 issued in 2005. The corresponding decrease in capital stock and the increase in future income taxes relating to these flow-through shares of \$1,440,000 will be accounted for in 2006.

3 - ACCOUNTING POLICIES

Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results may differ from these estimates.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

3 - ACCOUNTING POLICIES (Continued)

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary Labmag Services Inc., the 80%-owned subsidiary Labmag GP Inc. and its 80% interest in Labmag Limited Partnership.

In accordance with the Partnership agreement between Labmag Limited Partnership and the Company, the Company shall be responsible for providing and arranging for all capital in excess of initial contributions of each partner and operating costs for exploration until commercial production commences. Consequently, the Company included 100% of assets, liabilities and losses excluding the initial contribution of the Partner holding the 20% interest in the Partnership in the consolidated financial statements.

Cash and cash equivalents

The Company's policy is to present cash and temporary investments having a term of three months or less from the acquisition date with cash and cash equivalents.

Mineral properties

Costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest basis. These expenses will be charged against revenue, through unit of production depletion, when properties are developed to the stage of commercial production. If an area of interest is abandoned, or management determines that there is a permanent and significant decline in value, the related costs are charged to operations. The Company reviews the carrying values of mineral property interests on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, and the extent to which optionees have committed, or are expected to commit to, exploration on the property. When it becomes apparent that the carrying value of the property exceeds its estimated net recoverable amount based on the foregoing criteria, an impairment is recognized.

Amortization

Property and equipment are amortized over their estimated useful lives according to the straight-line method over the following period:

	<u>Period</u>
Office furniture and equipment	18 to 60 months

Deferred financing costs

Deferred financing costs are amortized on a straight-line basis over the term of the loan.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

3 - ACCOUNTING POLICIES (Continued)

Income taxes

Income taxes are recorded using the liability method of tax allocation. Future income taxes are calculated based on temporary timing differences arising from the difference between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the timing differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. For the years presented, this calculation proved to be anti-dilutive. The treasury stock method is used to determine the dilutive effect of stock options and warrants, as described in Note 10. Under the treasury stock method, only "in-the-money" dilutive instruments impact the dilution calculations.

Share issue costs

Share issue costs are recorded as a decrease of capital stock.

Stock-based compensation

The Company has a stock option plan as described in Note 10. Effective January 1, 2004, the Company has adopted the fair value method of recognizing all stock-based compensation awards. Such stock-based compensation expense for all options granted under the Company's option plan is determined using the fair value method and the fair value of the stock options is determined using the Black-Scholes option pricing model and is recognized over the vesting period of such options.

When directors, officers, employees and consultants exercise their stock options, the capital stock is credited by the sum of the consideration paid by directors, officers, employees and consultants together with the related portion previously credited to contributed surplus when compensation costs were charged against income.

Asset retirement obligations

During the course of acquiring and exploring potential mining properties, the Company must comply with government regulated environmental evaluation, updating and reclamation requirements. The estimated costs of complying with these requirements are capitalized as mineral properties and the corresponding liability is increased accordingly. The carrying value will be amortized over the life of the related assets on a unit-of-production basis and the related liabilities are accreted to the original value estimate. Asset retirement obligations, if any, cannot be determined at this time and no amount has been recorded in these financial statements.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

3 - ACCOUNTING POLICIES (Continued)

Fair value of financial instruments

The fair value of cash and cash equivalents, term deposits, other receivables, loan payable and accounts payable and accrued liabilities approximates their carrying amount given that they will mature shortly.

Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. Future income tax liability is increased and capital stock is reduced by the estimated tax benefits transferred to shareholders.

4 - ACQUISITION AND QUALIFYING TRANSACTION

In 2004, pursuant to an asset purchase agreement, the Company acquired an 80% interest in 256 mineral licenses, known as the Labmag Property, that are located in Western Labrador, Canada, for the following consideration:

	\$
Cash	400,000
6,000,000 common shares	1,500,000
	<u>1,900,000</u>
Assets acquired	2,743,750
Future income taxes	(843,750)
	<u>1,900,000</u>

The licenses were acquired from a company related by virtue of two directors of the Company owning 40% of the shares of the vendor.

The acquisition was recorded at the fair market value of the mineral interests. The terms of the purchase were negotiated with the vendors by an independent committee of the directors who had no interest in the assets acquired.

In addition, the transaction was completed using Section 85(1) of the Income Tax Act of Canada and, as a result, the adjusted cost base for tax purposes was agreed to be \$400,000.

5 - TERM DEPOSITS

	2005	Restated 2004
	\$	\$
Term deposits, 3.13%, maturing in February 2006	4,257,679	
Term deposits, 2.6%, maturing in March and June 2006	40,712	
	<u>4,298,391</u>	<u>—</u>

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

6 - DEFERRED FINANCING COSTS

Deferred financing costs relate to the fair value of warrants, using the Black-Scholes model, issued by the Company in consideration of a loan without interest. The deferred financing costs are amortized on a straight-line basis over the life of the loan.

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Fair value of warrants issued (Note 10)	130,180	
Amortization	83,751	
	46,429	—

7 - PROPERTY AND EQUIPMENT

	<u>2005</u>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office furniture and equipment	122,161	45,992	76,169

	Restated <u>2004</u>		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office furniture and equipment	57,435	6,735	50,700

8 - MINERAL PROPERTIES

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Mineral licenses - Labmag Property	2,738,600	2,743,750
Mineral licenses - Other properties	45,094	20,586
	2,783,694	2,764,336
Drilling	2,569,045	1,111,666
Resource evaluation	2,386,390	181,892
Environmental	954,617	9,216
Field labour and supplies	394,549	174,931
Exploration	243,953	13,042
Legal fees	181,309	181,309
Geological and evaluation	93,406	93,146
	6,823,269	1,765,202
	9,606,963	4,529,538

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

8 - MINERAL PROPERTIES (Continued)

The above assets represent the Company's investment in the Labmag Property located in Western Labrador, Canada, amounting to \$9,317,916, and Other properties located in Newfoundland and Québec, Canada, amounting to \$289,047.

9 - LOAN PAYABLE

The loan payable is without interest and repayable by March 15, 2006. As consideration for the loan, the Company has issued to the lender 1,000,000 warrants to purchase common shares, at an exercise price of \$0.75 per share, exercisable until August 15, 2007. The fair value of these warrants at the date of granting was \$130,180 and is amortized over the duration of the loan.

10 - CAPITAL STOCK

Authorized

Unlimited number of shares

Common shares

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

	Number of common shares	Amount \$
Issued and fully paid		
Balance, as at 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
Tax effect of flow-through shares		(1,614,600)
Issued on exercise of stock options	200,000	20,000
Share issue costs		(530,714)
Tax effect of share issue costs		186,552
Balance, as at December 31, 2004, as reported	36,200,000	6,055,191
Change in accounting policy (Note 2)		1,614,600
Adjustment for prior year error		(261,600)
Balance, as at December 31, 2004, as restated	36,200,000	7,408,191
Issued for cash	6,000,000	3,000,000
Issued for cash on a flow-through basis	8,000,000	4,000,000
Tax effect of flow-through shares		(1,614,600)
Issued for cash on exercise of share purchase warrants	6,192,166	2,631,333
Issued for cash on exercise of stock options	600,000	60,000
Share issue costs		(1,146,406)
Tax effect of share issue costs		216,423
Balance, as at December 31, 2005	<u>56,992,166</u>	<u>14,554,941</u>

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

10 - CAPITAL STOCK (Continued)

Accounting error

During 2004, the Company granted 2,000,000 common share options to the agents involved in a private offering. The fair value of these options was calculated as \$261,600 and incorrectly recorded and presented as stock-based compensation expense on the Company's consolidated 2004 statement of earnings. The prior year's figures have been restated to properly reflect this transaction as share issue costs. As such, the effect of the adjustment of the error to the consolidated 2004 statements is a decrease in the net loss and consolidated deficit of \$261,600 and a corresponding decrease in the capital stock of \$261,600.

Stock options

The Company has adopted an incentive stock option 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 is equivalent to the common share market closing price on the day before the option grant less a permitted discount. The vesting period is determined by the Board of Directors and the maximum term of these options is five years.

A summary of the Company's stock option plan is as follows:

	2005		Restated 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning of year	3,550,000	0.26	1,000,000	0.10
Granted	1,240,000	0.53	2,550,000	0.32
Expired	(30,000)	0.47	—	—
Balance, end of year	<u>4,760,000</u>	0.33	<u>3,550,000</u>	0.26
Options exercisable, end of year	<u>3,695,000</u>	0.27	<u>3,500,000</u>	0.26

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

10 - CAPITAL STOCK (Continued)

The Company has also granted stock options to the agents involved in the Company's private offerings. A summary of these stock options is as follows:

	2005		Restated 2004	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance, beginning of year	2,600,000	0.25	800,000	0.10
Granted	1,400,000	0.50	2,000,000	0.30
Exercised	(600,000)	0.30	(200,000)	0.10
Balance, end of year	<u>3,400,000</u>	<u>0.35</u>	<u>2,600,000</u>	0.25
Options exercisable, end of year	<u>3,400,000</u>	<u>0.35</u>	<u>2,600,000</u>	0.25

Options exercisable and outstanding as at December 31, 2005 as set forth in the previous tables are as follows:

<u>Exercise price</u>	<u>Number of exercisable options</u>	<u>Number of outstanding options</u>	<u>Remaining contractual years</u>
\$0.10	1,000,000	1,000,000	2.6
\$0.30	4,080,000	4,080,000	2.1
\$0.36	225,000	225,000	3.7
\$0.45	50,000	50,000	4.6
\$0.47	215,000	215,000	3.8
\$0.50	1,500,000	1,700,000	2.1
\$0.52	25,000	25,000	4.7
\$0.55		865,000	4.8
	<u>7,095,000</u>	<u>8,160,000</u>	2.6

The weighted average fair value of stock options granted during the current year was \$0.38 per share (\$0.18 per share in 2004). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	2005	Restated 2004
Risk-free interest rate	3.2%	4%
Expected life (years)	1.9	4.5
Estimated volatility of the market price of the common shares	79%	90%
Dividend yield	Nil	Nil

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

10 - CAPITAL STOCK (Continued)

Escrow

Pursuant to an escrow agreement, 4,800,000 common shares are held in escrow as at December 31, 2005. 1,200,000 common shares will be released at each six-month anniversary of the final exchange bulletin of the qualifying transaction until all common shares have been released from escrow.

Capital stock offering

On December 1, 2005, the Company completed a private offering whereby 6,000,000 regular units were issued at a price of \$0.50 per unit for gross proceeds of \$3,000,000, and 8,000,000 flow-through units were issued at a price of \$0.50 per unit for gross proceeds of \$4,000,000. Each regular unit consisted of one common share and one-half common share purchase warrant of the Company, exercisable for a period of two years at \$0.75 per whole warrant. Each flow-through unit consisted of one flow-through common share. The agents of the offering were paid fees of \$505,000 and were granted 1,400,000 common share options, exercisable at a price of \$0.50 per share. These agent options expire by May 30, 2007.

On August 11, 2004, the Company completed a private offering whereby 5,000,000 regular units were issued at a price of \$0.25 per unit for gross proceeds of \$1,250,000, and 15,000,000 flow-through units were issued at a price of \$0.30 per unit for gross proceeds of \$4,500,000. Each regular unit consisted of one common share and one common share purchase warrant of the Company, exercisable at \$0.40 per warrant. Each flow-through unit consisted of one flow-through common share and one common share purchase warrant of the Company, exercisable at \$0.50 per share. The agents of the offering were paid agency fees of \$460,000 and were granted 2,000,000 common share options, exercisable at a price of \$0.30 per share. These agent options expire by February 10, 2006.

Share purchase warrants

As at December 31, 2005, the Company had share purchase warrants outstanding for the issuance of up to 4,000,000 common shares, at \$0.75 per share, expiring by December 1, 2007.

11 - INCOME TAXES

The Company has recorded a future income tax recovery and future income tax liabilities arising from temporary differences between accounting values and tax base values of various net capital assets of the Company. The future income tax recovery is summarized as follows:

	2005	Restated 2004
	\$	\$
Loss before income taxes	<u>(1,936,153)</u>	<u>(903,531)</u>
Combined federal and provincial tax rate	<u>36%</u>	<u>36%</u>

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

11 - INCOME TAXES (Continued)

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Computed income tax recovery	(697,015)	(325,271)
Stock-based compensation expense	21,600	192,563
Deferred financing costs	30,086	
Share issue costs		(49,447)
Other items	12,860	(10,247)
	<u>(632,469)</u>	<u>(192,402)</u>

The future income tax liabilities as at December 31, 2005 are summarized as follows:

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Mineral properties	2,458,350	843,750
Non-capital losses carried-forward	(910,861)	(192,402)
Share issue costs	(316,985)	(186,552)
	<u>1,230,504</u>	<u>464,796</u>

The Company has non-capital tax losses, which are available to reduce income taxes in the future years. They aggregate \$2,529,000 and can be carried over the following years:

	<u>\$</u>
2010	16,000
2014	503,000
2015	<u>2,010,000</u>
	<u>2,529,000</u>

12 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Sales taxes receivable and other	35,979	(280,138)
Accounts payable and accrued liabilities	292,864	202,810
	<u>328,843</u>	<u>(77,328)</u>

Included in the accounts payable and accrued liabilities is an amount of \$639,911 (nil in 2004) pertaining to additions to mineral properties.

In 2005, the Company granted 1,400,000 stock options (2,000,000 in 2004) to its agents in consideration of share issue costs. These options valued at \$545,230 (\$261,600 in 2004) are excluded from the consolidated statement of cash flows as they are non-monetary transactions.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

12 - INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

In 2004, the Company issued 6,000,000 common shares as partial consideration for the purchase of mineral interests.

Cash flows relating to income taxes and interest on operating activities are detailed as follows:

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Income taxes paid	2,077	-
Interest received	115,788	-

13 - RELATED PARTY TRANSACTIONS

The Company, principally through Labmag Limited Partnership, incurred the following transactions with the directors and companies controlled by the directors:

	<u>2005</u>	Restated <u>2004</u>
	\$	\$
Deferred exploration costs	17,381	-
General and administrative expenses	83,102	15,490
Professional fees	199,794	2,900

These transactions, concluded in the normal course of operations, were measured at the exchange amount, which is the amount of consideration established and accepted by the parties.

In addition, in 2004, the Company purchased an 80% interest in mineral licenses from a company related by virtue of two directors of the Company owning 40% of the shares in the vendor company. This transaction, not concluded in the normal course of operations, was also measured at the exchange amount.

14 - COMMITMENTS AND CONTINGENCY

After undertaking the issue of flow-through shares in 2005, the Company fulfilled its spending commitments by incurring an excess of \$1,200,000 on Canadian properties for the current year. The Company has spending commitments of \$2,800,000 by December 31, 2006. If the Company is not able to fulfill these commitments, Canadian exploration expenses renounced in 2005 will be rescinded and the Company will be required to indemnify the subscribers for such flow-through shares for losses suffered as a result of not recovering all such expenses. The Company expects to fulfil the spending commitments.

The Company has entered into a gross lease for office premises to August 31, 2006 with annual payments of \$36,248.

New Millennium Capital Corp.

Notes to Consolidated Financial Statements

December 31, 2005

14 - COMMITMENTS AND CONTINGENCY (Continued)

Also, the Company is committed through Labmag Limited Partnership to pay aggregate royalties of 2.33% of gross revenues from the mineral interests acquired in 2004. Under certain conditions, these royalties may be reduced to 2% by August 2006.

15 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

CORPORATE DIRECTORY

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Chairman: Lee Nichols

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New Millennium Capital Corp.

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President and CEO: Robert Martin

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Directors and Officers

- Robert Martin, President, CEO and Director
- Lee C. G. Nichols, Chairman and Director
- Bill Almdal, CFO and Director
- Gerard (Tim) Wood, Secretary and Director
- Roy H. Hudson, Director
- Dean Journeaux, Director
- John N. Schindler, Director

Registrar and Transfer Agent

Inquiries regarding change of address, registered shareholders, share transfers, duplicate mailings and lost certificates should be directed to:

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Auditors

Raymond Chabot Grant Thornton LLP

Chartered Accountants

Legal Counsel

Davis & Company LLP

Barristers and Solicitors

Certain statements in this Annual Report may constitute “forward-looking statements”. Although management of the Corporation believes that its expectations are based upon reasonable assumptions, it can give no assurance its expectations will be achieved. Such forward-looking statements involve risk, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.