

# **New Millennium Capital Corp.**



**ANNUAL REPORT 2006**

## LETTER TO SHAREHOLDERS

Robert Martin

*President and Chief Executive Officer*

During 2006, New Millennium Capital Corp. was particularly active “on the ground” as we successfully concluded several initiatives that unequivocally proved the abundance and the quality of the asset at what we now call the Millennium Iron Range.

2006 was also productive “above the ground” in the corporate suite, but sometimes it may seem easier to see progress that is measured physically rather than strategically. Advancing a long life project like the Millennium Iron Range to production, which will be Canada’s largest mining project, requires making many decisions and investments that have no immediate return but are necessary for ultimate success. And although there is no single sign post to point to, the Company made significant progress towards gaining strategic partners, financing the project, and increasing investor interest. I believe that evidence of this progress will start to become manifest this coming year and will ultimately help assure the project’s success.

Traditionally, in this annual address to shareholders, I review the key public objectives that the Company set forth last year for the upcoming fiscal year. As part of my, and senior management’s, accountability to shareholders, I think it is an important exercise to comment on our efforts in achieving each objective.

Last year we outlined seven key business objectives for fiscal year 2006. They are repeated below, along with my remarks.

1. *Increase Mineral Resources (measured and indicated) to more than 2.5 billion tonnes.*

The Company decisively exceeded this goal. On April 13, 2006, we reported that we had increased Measured and Indicated Mineral Resources from 1.0 billion tonnes to more than 3.6 billion tonnes. The Company also reported an additional 1.5 billion tonnes of Inferred Resources that were not included in the above total.

2. *Establish a Mineral Reserve (proven and probable) of more than 2 billion tonnes.*

Again, we surpassed our target. On July 5, 2006 the Company reported that it had established a Proven and Probable Mineral Reserve of 3.5 billion tonnes.

3. *Complete the Metallurgical Test work needed for both the Pre-Feasibility Study (PFS) and the Feasibility Study (FS).*

The metallurgical test work for the PFS was completed on schedule. The metallurgical testing for the FS was not completed, however, because we received positive drill results from what is now called the KéMag Project. These results offered the option of advancing the KéMag rather than the LabMag project to feasibility. Consequently, the metallurgical test work for the FS has been deferred to 2007, so that the Company can analyse the data and decide which project to advance.

4. *Complete and publish the LabMag Pre Feasibility Study.*

The LabMag PFS was published and filed on SEDAR on August 22, 2006.

5. *Finance and start the LabMag FS.*

This milestone was not completed and has been deferred to 2007 due to two reasons: a proposed financing did not proceed due to prevailing market conditions and also because early positive indications from work on the KéMag project demanded further study.

6. *Obtain a significant strategic partner willing to assume equity and/or pellet off-take position.*

We did not obtain a strategic partner in 2006. This remains a key objective for 2007 and the Company is devoting considerable resources to achieving it. Given the profound influence that a strategic investor will have on the future of New Millennium, it is imperative that the Company conduct a thorough, diligent and prudent review. Our efforts were significantly bolstered by the retention late last year of Miller Mathis, a New York investment bank specializing in the iron ore business. And although, not announced until 2007, the Honourable A. Anne McLellan, former Deputy Prime Minister of Canada has joined the Company as a Strategic Advisor. Anne's focus will be on expediting our strategic investor initiative, public policy and corporate strategy.

7. *Table Project Description to initiate environmental review by government and regulators.*

This milestone was completed in September 2006, when the LabMag Project description was filed with the Federal Government. It was decided not to make additional filings with the Provincial Governments until the C\$35 million Feasibility Study funding was available. All environmental work is currently on hold pending a decision on which project (KéMag or LabMag) to develop.

Overall, I would characterize our efforts in meeting our 2006 objectives as successful. Where we did not explicitly meet objectives, they have simply been deferred rather than abandoned.

### **2007 Business Objectives**

In looking forward to our 2007 fiscal year, our overriding objective is securing a strategic investor. In order to maintain our project schedule, we need to have identified and finalized a partnership with a strategic investor by December 31, 2007. A strategic partner will be expected to assume an equity and/or pellet off-take position which includes the funding of a definitive feasibility study for the selected project and reactivation of the environmental approval process.

We have two additional key objectives in 2007: concluding a Pre Feasibility Study on the KéMag Project by June 30, 2007, which includes an in-fill drilling program and metallurgical testing; and the selection of the KéMag or LabMag project for advancement to the Feasibility Stage by September 30, 2007.

As we move forward in 2007, we believe that your Company is in a strong position. The discovery of the KéMag resource has given us a welcome new option in moving toward commercial production. With an increased iron ore asset base of more than 7 billion tonnes including 3.5 billion tonnes of proven and probable, New Millennium is well placed to become an important new year round, long term and reliable source of iron ore in a stable country for the global steel industry.

### **The Iron Ore and Pellet Market**

The iron ore market continues to remain strong because of a robust growth in the demand for steel in both China and India. Chinese imports of iron ore are forecast to increase to 400 million tonnes in 2007, up from 325 million tonnes in 2006. After exporting 90 million tonnes of iron ore in

2006, the Indian Government has imposed a US\$7.30/tonne export tax on higher grade ores in order to conserve resources for domestic steel makers. Because of these developments, analysts are projecting a 10% price increase for fines in 2008, after a 9.5% increase in 2007. Some forecasters are projecting a continuation of record high prices until 2013.

Pellet prices rose by 5.8% in 2007. Pellet demand is forecast to grow at the rate of 3.7% per annum until 2015, as steelmakers continue to increase consumption in order to improve blast furnace productivity and decrease emissions of CO<sub>2</sub> by curtailing sintering operations. Pellets are also required to substitute for lump ores, whose supply is diminishing due to depletion of mines. The most important growth area is the DRI market, where consumption is forecast to increase by 6.5% per annum. DRI is the preferred steelmaking feedstock in the gas rich regions of South East Asia and the Middle East.

Due to the projection of high growth in demand, many pelletizing projects are currently being evaluated. No new expansion project was announced in 2006. Potential increases in supply from new or existing sources are not expected to offset the projected supply gap that is anticipated to develop between 2011 and 2012. This forecast supply gap makes the introduction of production from greenfield projects, like those proposed by New Millennium, even more viable.

#### **Acknowledgements**

As always, I would like to thank our employees and consultants for their many important contributions during the past year. Developing a project on the vast scale of the Millennium Iron Range is contingent on drawing on the talents of many professionals, who are not only skilled individuals but have the ability to work as a team. Most importantly, I also want to thank our shareholders for their support in 2006 and for their continued association, cooperation and support in 2007.

Yours truly,

NEW MILLENNIUM CAPITAL CORP.

(signed) "*Robert Martin*"

Robert A. Martin  
President and Chief Executive Officer

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

## Consolidated Financial Statements for the year ended December 31, 2006

(Containing information as at April 30, 2007, except as indicated)

**DATED April 30, 2007**

Reference is made to the audited Consolidated Financial Statements of New Millennium Capital Corp. ("NML" or the "Company") for the year ended December 31, 2006 ("FYE 2006") and the year ended December 31, 2005 ("FYE 2005"), 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**

New Millennium holds a 100% interest in the KéMag Project (Quebec) and an 80% interest in the LabMag Project (Newfoundland and Labrador). Both properties are located within the Millennium Iron Range, the centre of which is located approximately 230 km north of Labrador City, NF and 40 km northwest of Schefferville, QC. For further information, please visit [www.nmlresources.com](http://www.nmlresources.com).

#### **Results of Operations**

##### **Pre-feasibility Study Design Criteria Established**

On January 20, 2006, the Company announced that the Design criteria for the Pre-feasibility Study ("PFS") of the LabMag Iron Ore Project (the "Project") were established based on drill core analysis, pilot plant testing and market study results received to date. The mine is engineered to produce 53.5 million tonnes per year ("mtpy") of crude ore that would be crushed, ground and processed at the concentrator to produce 15 mtpy of magnetite concentrate. The requirements for power at the mine-mill complex are estimated to be 225 megawatts. Concentrate slurry would be transported by pipeline from the concentrator to the pellet plant, which would have two lines, each with 7.5 mtpy capacity. The final pellet product would be transported to a 3.5 million tonne

capacity storage yard from which pellets would be conveyed to a deep water port for loading into ships in the range of 25,000 to 360,000 deadweight tons.

### **Modification of PFS Design Criteria**

On March 1, 2006, NML modified the PFS design criteria for the LabMag Project at the request of the Government of Newfoundland and Labrador, in order to comply with provincial law requiring all "primary processing" to be completed in the Province. As a result, the study focussed on locating the proposed pellet plant near Ross Bay Junction in Labrador, approximately 220km south of the proposed mine site and approximately 60km east of Labrador City by road. Concentrate would be transported from the mine site through a 225km slurry pipeline to the pellet plant and the pellets would be transported from the pellet plant by railway to the port at Pointe Noire, Quebec, a distance of approximately 400km, for shipping to markets in Canada, the United States, Western Europe and Asia.

### **Private Placement**

On March 24, 2006, NML closed a non-brokered private placement, for gross proceeds of \$3,000,000. NML 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 NML and one-half of one common share purchase warrant of NML. 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 placement. The proceeds of the private placement were used to fund NML's 2006 environmental base line studies on the Project and for general working capital purposes.

### **Updated Mineral Resource Estimate on LabMag Property**

On April 13, 2006, an updated Mineral Resource estimate was published for the LabMag Property. The results from the 10km long area 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 of magnetic iron mineralization. Other Resources which are classified as Inferred and amount to 1.475 billion tonnes of magnetic iron mineralization are not included in that total.

NML engaged Geostat Systems International Inc. ("Geostat") to model the iron ore Mineral Resource using results from the 123 holes and 55 holes drilled in Blocks A and B respectively in 2004 and 2005 and data from 46 previously drilled holes for which information was available and in the public domain. The geological model was used as the basis for a categorized block model Mineral Resource estimate and NML integrated these results into its own geological software system for future open pit design and mine planning.

NML also engaged Watts, Griffis and McOuat Limited ("WGM"), Consulting Geologists and Engineers, to audit the work done by Geostat and NML, including drilling and assaying, and Quality Assurance/Quality Control, and to complete a "Mineral Resource Certification" for the Property. All Mineral Resources were classified in accordance with National Instrument 43-101 ("NI 43-101"). WGM and Geostat are Independent Qualified Persons under NI 43-101.

NML conducted additional drilling and metallurgical testing in 2006 to further define in 2007 the extent of the Mineral Resource on the LabMag Property.

## **Pre-feasibility Study & Upgrade of Mineral Resources to Mineral Reserves**

On July 5, 2006, the results of the PFS of the LabMag Project undertaken by Met-Chem Canada Inc. were announced. The PFS, which was reviewed by the firm of Watts, Griffis and McQuat (“WGM”) and others with expertise critical to certain aspects of the LabMag Project, demonstrated that the LabMag Project has the potential to introduce a significant new source of iron ore, with estimated Proven and Probable Mineral Reserves of 3.5 billion tonnes. The LabMag Project includes a mine and concentrator at Howells River, Labrador, a pellet plant at Emeril, near Ross Bay Junction, Labrador and a ship loading facility at Pointe-Noire, Quebec.

Some of the significant highlights of the Pre-feasibility Study as updated in July and August 2006 were:

- Proven and Probable Mineral Reserves of 3.5 billion tonnes;
- Total capital cost, including working capital, of US \$2.75 billion;
- Operating cash cost of US\$ 28.90 per tonne of pellets;
- Internal rate of return (“IRR”) of 15.8% before corporate taxes, mining taxes and 2% gross revenue royalty;
- Return on equity (“ROE”) of 23.3% before corporate taxes, mining taxes and 2% gross revenue royalty <sup>1</sup>;
- Net present value (“NPV”) of US\$4.0 billion before corporate taxes, mining taxes and 2% gross revenue royalty <sup>2</sup>;
- Forecast average yearly cash flow of more than US\$ 400 million after debt payments and before corporate taxes, mining taxes and 2% gross revenue royalty;
- 5 year payback after the start of commercial production;
- 65 year mine life;
- Anticipated start of commercial production in 2011;
- Excellent chemical, physical & metallurgical pellet properties.

### **Reduction of Royalties Payable**

The Royalty Agreement of 11 August, 2004 between LabMag Mining Corp., the Naskapi Nation of Kawawachikamach (“NNK”), NML and LabMag Limited Partnership provided that, within two years of the date thereof, NNK could assign to the Nation of Innu Matimekush-Lac John (“NIMLJ”) one-half of the Royalty payable to NNK, namely 0.3333% of gross revenue.

On 11 August, 2006, NNK advised NML that NIMLJ had not confirmed its interest in accepting the foregoing transfer. Consequently, pursuant to the Royalty Agreement, the right of NNK to receive

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<sup>1</sup> Based on a 30/70 equity/debt ratio

<sup>2</sup> Based on a 5% discount rate

the Royalty was automatically reduced by one-half to 0.3333% of gross revenue. This reduced the total Royalties payable on ores mined from the Project to 2% of gross revenue.

## **Equity Financing**

On August 23, 2006, an equity financing was completed for gross proceeds of \$11,100,500. NML issued 10,800,000 unit special warrants (the "Unit Special Warrants") at a price of \$0.75 per Unit Special Warrant and 3,530,000 flow-through special warrants (the "Flow-Through Special Warrants") at a price of \$0.85 per Flow-Through Special Warrant. Each Unit Special Warrant was exercisable for no additional consideration into one Unit and each Flow-Through Special Warrant was exercisable into one flow-through common share ("Flow-Through Share"). Each Unit was comprised of one common share ("Common Share") and one half of one common share purchase warrant ("Warrant"). All Units and Flow -Through Shares were issued pursuant to the filing of a final prospectus.

## **Marketing Strategies**

The Corporation continues its marketing strategy of identifying and presenting one or more projects to steel and iron ore trading companies with a view to securing one or more strategic partners. It is intended that these strategic partners would both invest in one or more of the Corporation's projects and enter into long term off-take agreements. In the event that strategic partners are not secured, the Corporation intends to continue to raise equity and debt financings for its projects.

## **Direct Reduction Grade Pellets**

On October 24, 2006, NML reported positive results of bench-scale tests carried out for the Project by SGS Lakefield Research Limited on concentrate produced in a pilot plant at Midland Research Center from Howells River iron ore. These results demonstrate that, by the addition of a flotation circuit to be located just before the pellet plant, concentrate can be upgraded to permit the production of pellets having a silica content sufficiently low to be suitable as feed for direct reduction. Flotation will therefore be incorporated into the flowsheet that will be used as a basis for the feasibility study on the LabMag Project.

The ability to produce direct reduction ("DR") grade pellets is expected to significantly increase the world-wide market for LabMag pellets. A global market report prepared for LabMag by Raw Materials Solutions Ltd. and Metal Strategies Inc. concludes that the direct reduction market is growing rapidly in the Middle East, CIS and South America. This report forecasts that, in the next ten years, global demand for DR grade pellets will double from the present level of some 80 million tonnes per year. The DR market is therefore an excellent target market for NML as it will enable the company to have three standard products - acid pellets, basic fluxed pellets and DR grade pellets – which will allow NML to provide the world's steel plants with a total range of pellet products, on a custom basis.

## **Subsequent Events**

### **KéMag Property**

On February 6, 2007, NML provided results from its 29 hole, 2,225 meter 2006 diamond drilling program at its 100% owned KéMag Property located at Lac Harris, Quebec, approximately 18 km

north of its LabMag property in Newfoundland and Labrador and 50 km northwest of Schefferville, Quebec (the "KéMag Property").

The results demonstrate an estimated 1.349 billion tonnes of Indicated Mineral Resources and an additional 992 million tonnes of Inferred Mineral Resources based on an 18% DTWR cut-off grade.

This discovery increases NML's total iron ore resource in the area to 5.014 billion tonnes, of which 3.545 billion tonnes are Proven and Probable Mineral Reserves, plus an additional 2.467 billion tonnes of Inferred Mineral Resources.

The KéMag Property, which is situated on the same iron formation band as the LabMag Property, is a geological continuation of that deposit. Its known strike length is approximately 9km, its dip ranges from 6 to 12 degrees and its chemical characteristics appear similar to the LabMag deposit. The KéMag and LabMag mineral formations stretch over a combined strike length of 37km in what has been named the Millennium Iron Range

Development of this iron range currently contemplates pelletizing LabMag concentrate at Emeril in Labrador, and KéMag concentrate at Sept-Îles in Quebec. NML plans to continue to optimize the capital cost of the LabMag Project and expects to work concurrently on of a Pre-feasibility Study on the KéMag Project. This process is expected to be completed by June 30, 2007, when a decision is expected to be made to advance one of the projects to the feasibility stage. Both properties, owing to their significant size and geological characteristics, are world-class resources and together represent an important new potential source of supply for the global steel industry.

The KéMag Project will allow NML to consider the possibility of increasing the total production rate of pellets and/or concentrate from 15 to 22 mtpy or higher, subject to market demand factors. The anticipated additional 7 mtpy is expected to be in the form of high-grade magnetite concentrate, a commodity that is ideally suited to meet the needs of pellet plant operators.

These mineral resource estimates are provided subject to a number of assumptions including that the KéMag Property 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. There is no assurance that the commercial production of iron ore concentrate or pellets will achieve the test results noted above. Mineral resources which are not classified as reserves do not have demonstrated economic viability.

Mr. Robert de l'Etoile, Eng. is the Independent Qualified Person responsible for the Mineral Resource Estimate provided herein and Mr. Dean Journeaux, Eng., is the Qualified Person, as defined in NI 43-101, who reviewed and verified the scientific and technical mining information prior to its disclosure to the public.

## **FINANCIAL CONDITION**

The following discussion of the Company's financial performance is based on the audited Consolidated Financial Statements set forth herein. As discussed in Note 3 to the financial statements, the financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses for the year then ended.

At December 31, 2006, the Company had cash and cash equivalents of \$3,414,039, term deposits of \$2,581,816, sales tax and other receivables of \$1,083,019, and tax credits and mining duties receivable of \$371,378 resulting in total current assets of \$7,450,252, a decrease of \$1,176,615 from December 31, 2005. The long term assets are comprised of mineral properties of \$21,414,762, property and equipment of \$71,973 and advances on contracts of \$20,500. The total assets are \$28,957,487 which is an increase of \$10,502,488 from December 31, 2005.

Current liabilities at December 31, 2006 are composed of accounts payable and accrued liabilities of \$2,299,500, with the only long term liability being future income taxes of \$1,222,901 for total liabilities of \$3,522,401, a decrease of \$864,552 from December 31, 2005. Shareholders' equity of \$25,435,086, increased by \$11,367,040 from December 31, 2005, is comprised of capital stock of \$24,469,752 and contributed surplus of \$5,015,743 less the deficit of \$4,050,409.

Working capital at December 31, 2006 is \$5,150,752, is a decrease of \$319,666 from the December 31, 2005 total of \$5,470,418.

These changes in the balance sheet are mainly due to the Corporation having increased during the year shareholders' equity by \$11,367,040 through various equity financings, with the last one closing on August 23, 2006 with total net proceeds of \$13,860,198, being offset by the Company's operating loss for the year of \$2,031,604. The cash and cash equivalents and term deposits represent the funds that remain from the last equity financing and will be used to pay for current liabilities, begin the pre-feasibility study of the KéMag property and cover future corporate operating expenses. Part of the cash and cash equivalents and term deposits as at December 31, 2005 were used to repay current liabilities, including a \$2,000,000 loan payable, and the remainder was used to complete the LabMag property pre-feasibility study and cover the year's operating expenses. During the year, \$12,179,177 of the Corporation's expenditures were related to the completion of the LabMag property pre-feasibility study and initial work on the KéMag property and on the LabMag property feasibility study. These expenditures were recorded as mineral properties on the balance sheet. The future income taxes continue to be mainly comprised of the future tax liability that arises from the renunciation of Canadian Exploration Expense (CEE) which are partially offset by the Corporation's operating losses.

For the year ended December 31, 2006 NML realized a net loss of \$2,031,604 or \$0.03 per share, compared to a net loss of \$1,303,684 or \$0.03 per share in 2005. This loss represents operating expenses of \$3,458,277 (2005 - \$2,029,784) net of interest income of \$310,121 (2005 - \$93,631) and future income tax recovery of \$1,116,552 (2005 - \$632,469). The increased loss is due to an increase in general and administrative expenses and professional fees incurred in operating the Company during the year. This includes an increase in stock based compensation and the Company incurring professional fees for investment banking related activities to identify strategic partners and equity financing opportunities, which was only partially offset by the increased interest income and future income tax recovery and a decrease in market development expenses.

The Corporation expects to continue incurring operating losses until it is operating a revenue producing mine. These losses are expected to be funded, through the completion of the feasibility study, by equity financing or investments by strategic partners.

All costs associated with mineral properties totaling \$24,414,762, as outlined in Note 8 to the December 31, 2006 audited Consolidated Financial Statements, have been capitalized as mineral properties. The cost centres for these capitalized items are: mineral licenses (\$2,792,620), resource evaluation (\$6,399,472), environmental (\$5,978,009), drilling (\$5,121,757), field labour and supplies (\$685,602), exploration (\$533,965), legal (\$181,309), geological and evaluation (\$93,406) which are partially offset by tax credits and mining duties (\$371,378) earned on certain

expenditures. The expenditures are divided between the properties as follows: LabMag Property \$19,901,675 and KéMag and Other Properties \$1,513,087. The carrying values 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/or development work, the work programs and exploration results experienced by the Company and others. At December 31, 2006, 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.

In December 2005, the Corporation renounced CEE of \$4,000,000 in favour of the purchasers of 2005 issuance of flow-through shares for which the renunciation documents were filed with Canada Revenue Agency (CRA) in February 2006. As of December 31, 2006, the Corporation has fulfilled its spending commitments related to this renunciation. During 2006, the Corporation issued flow-through shares for which it filed in February 2007 documents with the CRA renouncing \$3,000,500 of CEE. The Corporation has nearly fulfilled this expected spending commitment by incurring in excess of \$2,965,000 on Canadian properties by December 31, 2006. The Corporation expects to expend the remaining \$35,000 by December 31, 2007.

## ANNUAL INFORMATION

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

Item	December 31, 2006	December 31, 2005	December 31, 2004
Interest Income	310,121	93,631	22,157
Net Loss	(2,031,604)	(1,303,684)	(711,129)
Loss Per Share(1)	(0.03)	(0.03)	(0.04)
Total Assets	28,957,487	18,454,999	8,178,040
Long Term Liabilities	1,222,901	1,230,504	464,796
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 eight quarters of operation ended December 31, 2006. 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.

	Dec-06	Sept-06	June-06	Mar-06	Dec-05	Sept-05	June-05	Mar-05
Interest Income	87,446	73,304	56,554	92,817	39,983	11,321	18,034	24,293
Net Loss	(765,541)	(661,905)	(206,856)	(397,302)	(575,460)	(214,301)	(275,651)	(238,272)
Loss Per Share(1)	(0.01)	(0.01)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

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, 2006, general and administrative expenses, professional fees, market development and other expenses were \$1,290,647 compared to \$820,193 in the corresponding period of 2005. Included in the period's expenses were \$525,000 of professional fees incurred in investment banking related activities to identify strategic partners and equity financing opportunities for which there were no similar expenses incurred in 2005. These expenses were partially offset during the three-month period by a future tax recovery of \$437,660, for which there was \$203,469 recovered in the fourth quarter of 2005. As a result, NML's loss for the fourth quarter ended December 31, 2006 totalled \$765,541 or \$0.01 per share as compared to a loss of \$575,460 or \$0.01 per share for the comparative period in 2005.

## **MILESTONES AND BUSINESS OBJECTIVES**

### **2006 Milestones**

The Company outlined seven business objectives for the 2006 fiscal year. These are restated below along with the milestones achieved.

1. Increase Mineral Resources (measured and indicated) to more than 2.5 billion tonnes.

On April 13, 2006 the Company announced the achievement of this milestone by reporting that it had increased its Measured and Indicated Mineral Resources from 1.0 billion tonnes to more than 3.6 billion tonnes. The Company also reported an additional 1.5 billion tonnes of Inferred Resources that were not included in the above total.

2. Establish a Mineral Reserve (proven and probable) of more than 2 billion tonnes.

On July 5, 2006 the Company reported the achievement of this milestone by announcing that it had established a Proven and Probable Mineral Reserve of 3.5 billion tonnes.

3. Complete the Metallurgical Test work needed for both the PFS and the Feasibility Study.

The milestone relating to the metallurgical test work for the PFS was completed on schedule. The milestone concerning metallurgical testing for the Feasibility Study (the "FS") was not completed and has been deferred to 2007. This delay was caused by interesting drill results from what is now called the KeMag Project that made the Company reconsider the rapid advancement of the LabMag Project.

4. Complete and publish the LabMag PFS.

This milestone was completed successfully and the LabMag PFS was published and filed on SEDAR on August 22, 2006.

5. Finance and start the LabMag FS.

This milestone was not completed and has been deferred to 2007 due to a proposed financing not proceeding due to market conditions.

6. Obtain a Significant Strategic Partner willing to assume an equity and/or pellet off-take position.

This milestone was also not completed and has been deferred to 2007.

7. Table Project Description to initiate environmental review by government and regulators.

This milestone was completed in September 2006, when the LabMag Project description was filed with the Federal Government. It was decided not to make additional filings with the Provincial Governments until the C\$35 million funding was available. All environmental work is currently on hold pending a decision on which project (KeMag or LabMag) to develop.

### **2007 Business Objectives**

The immediate capital requirements of NML consist primarily of the funding of a PFS Study on the KéMag Project by June 30, 2007 which includes an in-fill drilling program and metallurgical testing; the selection of the KéMag or LabMag project for advancement to the FS stage by September 30, 2007 and the identification of a Strategic Partner or Partners to assume an equity and/or pellet off-take position by December 31, 2007 which includes the funding of a definitive feasibility study for the selected project and the reactivation of the environmental approval process. Additional financing will be required to achieve these objectives.

### **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

During 2006 the Company adopted new accounting policies concerning stock-based compensation for employees eligible to retire before the vesting date and the allocation of proceeds on equity financing. These changes are discussed in Note 2 to the audited Consolidated Financial Statements.

The CICA issued Section 3855, Financial Instruments - Recognition and Measurement, Section 3861, "Financial Instruments - Disclosure and Presentation", and Section 1530, "Comprehensive Income", all applicable to the Company for annual or interim accounting periods beginning on January 1, 2007.

Section 3855 requires all financial assets, financial liabilities and non-financial derivatives to be recognized on the balance sheet and measured based on specific categories. Section 3861 identifies and details information to be disclosed in the financial statements.

Section 1530 introduces new standards for the presentation and disclosure of the components of comprehensive income. Comprehensive income is defined as the change in net assets of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources.

The Company is currently evaluating the full impact of these standards.

### **LIQUIDITY AND CAPITAL RESOURCES**

#### **Working Capital**

The Company's working capital at December 31, 2006 decreased from December 31, 2005 by \$319,666 to \$5,150,752 due to continual use of the Company's funds to explore and develop its mineral properties and cover corporate operating expenses being mainly offset by equity financings completed during the year. The working capital consists of cash and cash equivalents, term deposits, sales taxes receivables, tax credits and mining duties receivable and deferred financing costs net of accounts payable and accrued liabilities and loan payable.

#### **Capital Expenditures**

The Company incurred capital expenditures of \$47,378 (2005 - \$64,726) during 2006, all for the acquisition of computer hardware, software, furniture and equipment.

## **Capital Resources**

At December 31, 2006, NML has paid up capital of \$24,469,752 (2005 - \$13,457,490), representing 77,711,690 (2005 - 56,992,166) common shares and a deficit of \$4,050,409 (2005 - \$2,018,805) that is partially offset by contributed surplus of \$5,015,743 (2005 - \$2,629,361) resulting in shareholders' equity of \$25,435,086 (2005 - \$14,068,046).

## **TRANSACTIONS WITH RELATED PARTIES**

During the year ended December 31, 2006, NML incurred directors' fees of \$30,000 (2005 - \$Nil), consulting fees of \$280,551 (2005 - \$100,483) from businesses owned by directors and \$325,423 (2005 - \$199,764) in expenditures for legal services to a law firm with a partner who is a director. Of these amounts \$146,472 (2005 - \$62,202) is payable at December 31, 2006.

## **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning the Corporation's resource property expenditures are provided in Note 8 of the December 31, 2006 audited Consolidated Financial Statements that is available on the Company's website at [http://www.nmlresources.com/library/financial\\_statements.asp](http://www.nmlresources.com/library/financial_statements.asp) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com).

Included in the Corporation's audited Consolidated Financial Statements were general and administrative expenses of \$1,864,571 (2005 - \$961,658) comprised of stock based compensation of \$731,325 (2005 - \$60,000), salaries and benefits of \$436,195 (2005 - \$262,474), office and administration of \$282,776 (2005 - \$213,483), business taxes and licences of \$171,996 (2005 - \$156,277), consultants of \$171,512 (2005 - \$221,983) and office rent \$70,767 (2005 - \$47,441).

## **OUTLOOK**

The current market forecast is for the price of iron ore to rise another 10-15% owing to continuous strong demand in Asia, predominantly China. Global pellet demand is projected to grow at an annual rate of 3.3% until 2015. No new pelletizing projects were announced during 2006 and, as a consequence, a potential supply gap, as predicted last year, is expected to develop during the 2011 to 2012 period. The LabMag and KéMag Projects are therefore still well positioned to fill this supply gap.

Continued strong demand in China and a reduction in exports from India due to an export tax by the Indian Government are expected to keep the supply situation tight. A leading brokerage house, Crédit Suisse, is now projecting that prices will remain at record levels until 2013. They have also increased their estimated price increase for the 12 months from April 1, 2008, to March 31, 2009, to 10%, from 5% projected earlier.

## **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'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.

This restriction does not exist in the case of the KéMag project which is located in the Province of Quebec.

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.

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The following information relates to share data of the Company as at December 31, 2006.

## 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 as of December 31, 2006: The Corporation has 77,711,690 common shares issued (\$24,469,752).
- (c) Issued as of April 30, 2007: The Corporation has 77,845,499 common shares issued (\$24,483,133)

## 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.

At April 30, 2007, there were 6,586,667 common shares reserved for issuance pursuant to the exercise of stock options (December 31, 2006 – 6,345,476) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
576,667	\$0.10	December 12, 2008
2,080,000	\$0.30	August 11, 2009
225,000	\$0.36	September 13, 2009
215,000	\$0.47	November 1, 2009
25,000	\$0.45	August 19, 2010
300,000	\$0.50	October 7, 2010
25,000	\$0.52	September 27, 2010
190,000	\$0.55	October 19, 2010
675,000	\$0.55	October 19, 2010
60,000	\$0.76	April 6, 2011
1,500,000	\$0.75	September 13, 2011
250,000	\$0.75	October 27, 2011
90,000	\$0.75	November 2, 2011
375,000	\$0.50	February 1, 2011

## 3. Warrants

At April 30, 2007, there were 12,648,800 common shares reserved for issuance pursuant to the exercise of outstanding warrants (December 31, 2006 – 13,559,800), as follows:

Number of Outstanding Warrants	Exercise Price	Expiry Date
389,000	\$0.50	June 1, 2007
1,000,000	\$0.75	August 15, 2007
1,055,000	\$0.75	October 6, 2007
1,945,000	\$0.75	December 1, 2007
859,800	\$0.75	February 22, 2008
2,000,000	\$1.25	March 24, 2008
5,400,000	\$1.00	August 22, 2008

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2006. Based on this evaluation some improvements were introduced to existing controls to conclude that the Company's disclosure controls and procedures, as defined in Multilateral Instrument 52-109, are effective to ensure that the information required to be disclosed in reports that are filed or submitted under Canadian securities legislation are recorded, processed, summarized and reported within the time period specified in those rules.

## **MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROLS**

Management completed an assessment of the design of internal controls over financial reporting. During the process of management's assessment, it was determined that certain weaknesses existed in the complex areas of financial reporting and taxation accounting. As is indicative of many small companies, segregation of duties and the existence of full competences in a changing regulatory environment were identified as areas where weaknesses existed. The existence of these weaknesses has been addressed by implementation of alternate cost-effective controls and by the continuation of senior management monitoring and in the case of complex transactions, consulting with external experts to assist management in their analysis.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com)

**New Millennium Capital Corp.**  
**Consolidated Financial Statements**  
**December 31, 2006 and 2005**

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## Auditors' Report

To the Shareholders of  
New Millennium Capital Corp.

We have audited the consolidated balance sheets of New Millennium Capital Corp. as at December 31, 2006 and 2005 and the consolidated statements of earnings, deficit, contributed surplus and cash flows for the years 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 audits.

We conducted our audits 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, 2006 and 2005 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

/S/ Raymond Chabot Grant Thornton LLP

Chartered Accountants

Montréal, Canada  
March 23, 2007

# New Millennium Capital Corp.

## Consolidated Balance Sheets

December 31, 2006 and 2005

	2006	2005
	\$	\$
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents (Note 4)	3,414,039	4,037,888
Term deposits (Note 5)	2,581,816	4,298,391
Sales taxes and other receivables	1,083,019	244,159
Tax credits and mining duties receivable	371,378	—
Deferred financing costs (Note 6)	—	46,429
	<u>7,450,252</u>	<u>8,626,867</u>
Advances on contracts	20,500	145,000
Property and equipment (Note 7)	71,973	76,169
Mineral properties (Note 8)	<u>21,414,762</u>	<u>9,606,963</u>
	<u>28,957,487</u>	<u>18,454,999</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	2,299,500	1,156,449
Loan payable (Note 9)	—	2,000,000
	<u>2,299,500</u>	<u>3,156,449</u>
Future income taxes (Note 12)	1,222,901	1,230,504
	<u>3,522,401</u>	<u>4,386,953</u>
<b>SHAREHOLDERS' EQUITY</b>		
Capital stock (Note 10)	24,469,752	13,457,490
Contributed surplus	5,015,743	2,629,361
Deficit	<u>(4,050,409)</u>	<u>(2,018,805)</u>
	<u>25,435,086</u>	<u>14,068,046</u>
	<u>28,957,487</u>	<u>18,454,999</u>

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

On behalf of the Board,

/S/ Robert Martin  
Director

/S/ William Almdal  
Director

## New Millennium Capital Corp. Consolidated Earnings

Years ended December 31, 2006 and 2005

	2006	2005
	\$	\$
<b>Interest income</b>	310,121	93,631
Expenses		
General and administrative	1,864,571	961,658
Professional fees (Note 11)	1,119,428	404,734
Market development	376,275	540,384
Amortization of property and equipment	51,574	39,257
Amortization of deferred financing costs	46,429	83,751
	<u>3,458,277</u>	<u>2,029,784</u>
Loss before income taxes	(3,148,156)	(1,936,153)
Future income taxes (Note 12)	<u>1,116,552</u>	<u>632,469</u>
<b>Net loss</b>	<u>(2,031,604)</u>	<u>(1,303,684)</u>
Loss per share - basic and diluted	<u>(0.03)</u>	<u>(0.03)</u>
Weighted average number of shares outstanding	<u>65,365,749</u>	<u>42,355,537</u>

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

**New Millennium Capital Corp.**  
**Consolidated Deficit**  
**Consolidated Contributed Surplus**

Years ended December 31, 2006 and 2005

	<u>2006</u>	<u>2005</u>
	\$	\$
<b>CONSOLIDATED DEFICIT</b>		
Balance, beginning of year	2,018,805	715,121
Net loss	<u>2,031,604</u>	<u>1,303,684</u>
Balance, end of year	<u><u>4,050,409</u></u>	<u><u>2,018,805</u></u>
<b>CONSOLIDATED CONTRIBUTED SURPLUS</b>		
Balance, beginning of year	2,629,361	1,728,318
Stock-based compensation expense		
Employees and directors	618,325	23,000
Consultants	113,000	37,000
Agents' warrants	283,734	545,230
Share purchase warrants issued through capital stock offering	1,669,923	468,220
Share purchase warrants issued in consideration of loan without interest	-	130,180
Transfer to capital stock upon exercise of agents' warrants	(298,600)	-
Transfer to capital stock upon exercise of share purchase warrants	<u>-</u>	<u>(302,587)</u>
Balance, end of year	<u><u>5,015,743</u></u>	<u><u>2,629,361</u></u>

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

## New Millennium Capital Corp. Consolidated Cash Flows

Years ended December 31, 2006 and 2005

	2006	2005
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss	(2,031,604)	(1,303,684)
Non-cash items		
Stock-based compensation expense		
Employees and directors	618,325	23,000
Consultants	113,000	37,000
Amortization of property and equipment	51,574	39,257
Amortization of deferred financing costs	46,429	83,751
Future income taxes	(1,116,552)	(632,469)
	(2,318,828)	(1,753,145)
Changes in working capital items (Note 13)	(746,221)	328,843
Cash flows used by operating activities	(3,065,049)	(1,424,302)
<b>INVESTING ACTIVITIES</b>		
Purchase of term deposits	(2,581,816)	(4,298,391)
Repayments of term deposits	4,298,391	-
Property and equipment	(47,378)	(64,726)
Mineral properties	(11,046,095)	(4,437,514)
Advances on contracts	(42,100)	(145,000)
Cash flows used by investing activities	(9,418,998)	(8,945,631)
<b>FINANCING ACTIVITIES</b>		
Loan payable	-	2,000,000
Repayment of loan payable	(2,000,000)	-
Issuance of common shares and units	14,779,452	9,691,333
Share and unit issue costs	(919,254)	(601,176)
Cash flows provided by financing activities	11,860,198	11,090,157
<b>Increase (decrease) in cash and cash equivalents</b>	(623,849)	720,224
Cash and cash equivalents, beginning of year	4,037,888	3,317,664
Cash and cash equivalents, end of year	3,414,039	4,037,888

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

# New Millennium Capital Corp.

## Notes to Consolidated Financial Statements

December 31, 2006 and 2005

### 1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

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.

The Company is in the process of exploring and evaluating its mineral properties. The recoverability of amounts shown for mineral properties and deferred exploration expenses is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development 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 CHANGES

#### Stock-based compensation for employees eligible to retire before the vesting date

The Company has adopted the Emerging Issues Committee's EIC-162, *Stock-Based Compensation for Employees Eligible to Retire Before the Vesting Date*. This abstract requires that the compensation cost attributable to stock options be recognized over the period from grant date to the date the employee becomes eligible to retire. Previously, the Company recognized the compensation cost attributable to stock options over the vesting period. This change did not have any impact on the stock-based compensation for the current or prior periods.

#### Allocation of proceeds on equity financing

During the year, the Company retroactively changed its method of allocating the proceeds from an equity financing between the common shares and the share purchase warrants. The Company now determines the allocation of the proceeds between the common shares and the share purchase warrants based on their relative fair values. The fair value of the common shares is calculated by using the TSX Venture Exchange share price on the date of issuance and the fair value of the share purchase warrants is determined using the Black-Scholes valuation model. Previously, the Company attributed the entire proceeds received through an equity financing to the capital stock. The following table summarizes the retroactive impact of this change in accounting policy on the opening balances:

	2006	2005
	\$	\$
Decrease in capital stock	(1,097,451)	(931,818)
Increase in contributed surplus	1,097,451	931,918

The following assumptions were used:

	2006	2005
Risk-free interest rate	4.0%	3.2%
Expected life (years)	2	2
Estimated volatility of the market price of the common shares	80%	79%
Dividend yield	Nil	Nil

# New Millennium Capital Corp.

## Notes to Consolidated Financial Statements

December 31, 2006 and 2005

### 2 - ACCOUNTING CHANGES (Continued)

#### Flow-through shares

Based on Emerging Issues Committee's EIC-146, Flow-Through Shares, the Company revised its accounting policy in 2005 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 renunciation 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>
	\$
Decrease in capital stock - tax effect	(1,614,600)
Increase in future income tax liability	1,614,600

### 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.

#### 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 all 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.

#### Interest income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting. Interest income is recognized based on the number of days the investment was held during the year.

# New Millennium Capital Corp.

## Notes to Consolidated Financial Statements

December 31, 2006 and 2005

### 3 - ACCOUNTING POLICIES (Continued)

#### Cash and cash equivalents

Cash and cash equivalents include cash and investments having a term of three months or less from the acquisition date.

#### Mineral properties

The Company capitalizes costs, net of tax credits and mining duties, relating to the acquisition, exploration and development of mineral properties 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 a property. When it becomes apparent that the carrying value of a property exceeds its estimated net recoverable amount based on the foregoing criteria, an impairment is recognized.

#### Tax credits and mining duties

The tax credits and mining duties are recorded for as a reduction of the mineral properties during the year in which the costs are incurred, provided that the Company is reasonably certain that the tax credits and mining duties will be received. The tax credits and mining duties claimed and recorded must be examined and approved by the tax authorities and it is possible that the amount granted will differ from the amount recorded.

#### 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 were amortized on a straight-line basis over the term of the loan.

#### 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.

# **New Millennium Capital Corp.**

## **Notes to Consolidated Financial Statements**

December 31, 2006 and 2005

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### **3 - ACCOUNTING POLICIES (Continued)**

#### **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 and unit issue costs**

Share and unit 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. 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 valuation 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 expenses were charged in the consolidated statements of earnings.

#### **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 then 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.

#### **Foreign currency translation**

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated at the exchange rate in effect at the transaction date. Gains and losses are included in the earnings for the year.

#### **Fair value of financial instruments**

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

# New Millennium Capital Corp.

## Notes to Consolidated Financial Statements

December 31, 2006 and 2005

### 3 - ACCOUNTING POLICIES (Continued)

#### 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 on the date the Company files the renunciation documents with the tax authorities.

### 4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include \$2,483,394 of commercial paper (nil in 2005) maturing in January 2007 and bearing interest at 4.3%.

### 5 - TERM DEPOSITS

In 2006, term deposits include \$2,499,300 maturing in January 2007 and bearing interest at 4.3%, and \$82,516 maturing by August 2007 and bearing interest between 2.75% and 4.05%.

In 2005, term deposits include \$4,257,679 maturing in February 2006 and bearing interest at 3.13%, and \$40,712 maturing by June 2006 and bearing interest at 2.6%.

### 6 - DEFERRED FINANCING COSTS

Deferred financing costs relate to the fair value of warrants, using the Black-Scholes model, issued by the Company in connection with a non-interest bearing loan received from the holder. The deferred financing costs have been amortized on a straight-line basis over the life of the loan.

	2006	2005
	\$	\$
Fair value of warrants issued (Note 9)	130,180	130,180
Amortization	130,180	83,751
	—	46,429

### 7 - PROPERTY AND EQUIPMENT

	2006		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office furniture and equipment	169,539	97,566	71,973
	2005		
	Cost	Accumulated amortization	Net
	\$	\$	\$
Office furniture and equipment	122,161	45,992	76,169

## New Millennium Capital Corp.

### Notes to Consolidated Financial Statements

December 31, 2006 and 2005

#### 8 - MINERAL PROPERTIES

	Year ended 2006	Year ended 2005	Balance as at 2006-12-31
	\$	\$	\$
Beginning balance	9,606,963	4,529,538	–
Mineral licenses - LabMag Property	–	(5,150)	2,738,600
Mineral licenses - KéMag and other properties	8,926	24,508	54,020
	<u>8,926</u>	<u>19,358</u>	<u>2,792,620</u>
Resource evaluation	4,013,082	2,204,498	6,399,472
Environmental	5,023,392	945,401	5,978,009
Drilling	2,552,712	1,457,379	5,121,757
Field labour and supplies	291,053	219,618	685,602
Exploration	290,012	230,911	533,965
Legal fees	–	–	181,309
Geological and evaluation	–	260	93,406
	<u>12,170,251</u>	<u>5,058,067</u>	<u>18,993,520</u>
Tax credits and mining duties	<u>(371,378)</u>	<u>–</u>	<u>(371,378)</u>
Ending balance	<u>21,414,762</u>	<u>9,606,963</u>	<u>21,414,762</u>

The above assets represent the Company's investment in the LabMag Property located in western Labrador, Newfoundland, Canada, amounting to \$19,901,675 (\$9,317,916 in 2005), the KéMag Property located in Quebec, Canada and other properties located in Newfoundland and Quebec, Canada, amounting to \$1,513,087 (\$289,047 in 2005).

#### LabMag Property

The LabMag Iron Ore Project involves the development of a taconite deposit at Howells River, Newfoundland and Labrador. The LabMag Property covers a total area of approximately 64 square kilometers and comprises 256 claims covered by a license held 100% by LabMag Limited Partnership, in which the Company has a 80% interest, subject to an aggregate 2% gross revenue royalty interest. The LabMag Property is situated in Western Labrador, in Elross Township, about 30 km to the northwest of the town of Schefferville, Quebec. An additional 259 claims in Labrador in the vicinity of the Property fall under the ownership of LabMag Limited Partnership and form a boundary of 5 km around the main Property.

A pre-feasibility study was completed in 2006 on the LabMag Iron Ore Project assuming 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 tonnes per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed to be delivered to a new dock at Sept-Îles via railway for overseas export.

# **New Millennium Capital Corp.**

## **Notes to Consolidated Financial Statements**

December 31, 2006 and 2005

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### **8 - MINERAL PROPERTIES (Continued)**

#### **KéMag Property**

The KéMag Iron Ore Project involves the development of a taconite deposit at Lac Harris, Quebec. The property covers a total area of approximately 30 square kilometers and comprises 76 claims held 100% by the Company. The KéMag Property is situated in the municipality of Rivière Koksoak in northern Quebec, centered about 59 km to the northwest of the town of Schefferville, Quebec. A pre-feasibility study is expected to be completed by June 30, 2007.

#### **Other properties**

The Company holds approximately 589 other mineral claims in various areas outside the boundary limits of the LabMag and KéMag Iron Ore Projects. 116 claims are located in Newfoundland and Labrador and 473 claims are in Quebec. The Company has a 100% interest in these claims.

### **9 - LOAN PAYABLE**

The loan payable is without interest and was repaid before the due date of March 15, 2006. As consideration for the loan, the Company 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. The loan payable was repaid during the year 2006.

### **10 - CAPITAL STOCK**

#### **Authorized**

Unlimited number of shares

Common shares

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

# New Millennium Capital Corp.

## Notes to Consolidated Financial Statements

December 31, 2006 and 2005

### 10 - CAPITAL STOCK (Continued)

	Number of common shares	Amount \$
<b>Issued and fully paid</b>		
Balance, as at December 31, 2004	36,200,000	6,476,373
Issued for cash	6,000,000	2,531,780
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 agents' warrants	600,000	60,000
Transferred from contributed surplus on exercise of share purchase warrants	—	302,587
Share and unit issue costs	—	(1,146,406)
Tax effect of share and unit issue costs	—	216,423
Balance, as at December 31, 2005	56,992,166	13,457,490
Issued for cash	14,800,000	9,430,077
Issued for cash on a flow-through basis	3,530,000	3,000,500
Tax effect of flow-through shares	—	(1,440,000)
Issued for cash on exercise of stock options	289,524	28,952
Issued for cash on exercise of agents' warrants	2,100,000	650,000
Transferred from contributed surplus on exercise of agents' warrants	—	298,600
Share and unit issue costs	—	(1,286,918)
Tax effect of share and unit issue costs	—	331,051
Balance, as at December 31, 2006	<u>77,711,690</u>	<u>24,469,752</u>

### 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 cannot be less than 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. Some of the options only vest if certain performance criteria are met.

## New Millennium Capital Corp.

### Notes to Consolidated Financial Statements

December 31, 2006 and 2005

#### 10 - CAPITAL STOCK (Continued)

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

	2006		2005	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance, beginning of year	4,760,000	0.33	3,550,000	0.26
Granted	1,900,000	0.75	1,240,000	0.53
Exercised	(289,524)	0.10	—	
Expired	(25,000)	0.45	(30,000)	0.47
Balance, end of year	<u>6,345,476</u>	0.47	<u>4,760,000</u>	0.33
Options exercisable, end of year	<u>5,026,726</u>	0.41	<u>3,695,000</u>	0.27

Options exercisable and outstanding as at December 31, 2006 as set forth in the previous table 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	710,476	710,476	2.0
\$0.30	2,080,000	2,080,000	2.6
\$0.36	225,000	225,000	2.7
\$0.45 to \$0.47	240,000	240,000	2.9
\$0.50 to \$0.52	325,000	325,000	3.8
\$0.55	432,500	865,000	3.8
\$0.75 to \$0.76	1,013,750	1,900,000	4.7
	<u>5,026,726</u>	<u>6,345,476</u>	3.4

The weighted average fair value of stock options granted during 2006 was \$0.47 per share (\$0.36 per share in 2005). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	<u>2006</u>	<u>2005</u>
Risk-free interest rate	4%	3.2%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	80%	79%
Dividend yield	Nil	Nil

## New Millennium Capital Corp.

### Notes to Consolidated Financial Statements

December 31, 2006 and 2005

#### 10 - CAPITAL STOCK (Continued)

##### Agents' warrants

The Company has also granted warrants to the agents involved in the Company's equity financings. A summary of these agents' warrants is as follows:

	2006		2005	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance, beginning of year	3,400,000	0.38	2,600,000	0.25
Granted	859,800	0.75	1,400,000	0.50
Exercised	<u>(2,100,000)</u>	0.31	<u>(600,000)</u>	0.10
Balance, end of year	<u>2,159,800</u>	0.60	<u>3,400,000</u>	0.38
Warrants exercisable, end of year	<u>2,159,800</u>	0.60	<u>3,400,000</u>	0.38

Warrants exercisable and outstanding as at December 31, 2006 as set forth in the previous table are as follows:

Exercise price	Number of exercisable warrants	Number of outstanding warrants	Remaining contractual years
\$0.50	1,300,000	1,300,000	0.4
\$0.75	<u>859,800</u>	<u>859,800</u>	1.1
	<u>2,159,800</u>	<u>2,159,800</u>	0.7

The weighted average fair value of agents' warrants granted during 2006 was \$0.33 per share (\$0.37 per share in 2005). The fair value of each warrant was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	2006	2005
Risk-free interest rate	4%	3.2%
Expected life (years)	1.5	1.5
Estimated volatility of the market price of the common shares	80%	79%
Dividend yield	Nil	Nil

##### Escrow

Pursuant to an escrow agreement, 2,400,000 common shares are held in escrow as at December 31, 2006 (4,800,000 in 2005). 1,200,000 common shares will be released at each six-month anniversary of the issuance of the final Exchange bulletin approving the qualifying transaction until all common shares have been released from escrow.

## **New Millennium Capital Corp.**

### **Notes to Consolidated Financial Statements**

December 31, 2006 and 2005

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#### **10 - CAPITAL STOCK (Continued)**

##### **Capital stock offerings**

On August 23, 2006, the Company completed an equity financing whereby 10,800,000 unit special warrants were issued at a price of \$0.75 per unit special warrant for gross proceeds of \$8,100,000 and 3,530,000 flow-through special warrants were issued at a price of \$0.85 per flow-through special warrants for gross proceeds of \$3,000,500. Each unit special warrant consisted of one common share and one-half of one common share purchase warrant of the Company, exercisable for a period of two years at \$1.00 per common share. Each flow-through special warrant was converted on October 12, 2006 into one flow-through common share. The agents of the offering were paid fees of \$666,030 and were granted 859,800 common share purchase warrants, exercisable at a price of \$0.75 per warrant. These agents' warrants expire on February 23, 2008.

On March 24, 2006, the Company completed an equity financing whereby 4,000,000 common share units were issued at a price of \$0.75 per unit for gross proceeds of \$3,000,000. Each common share unit consisted of one common share and one-half of one common share purchase warrant of the Company exercisable for a period of two years at \$1.25 per whole warrant.

On December 1, 2005, the Company completed an equity financing 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 of one 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 purchase warrants, exercisable at a price of \$0.50 per warrant. These agents' warrants expire by May 30, 2007.

##### **Share purchase warrants**

As at December 31, 2006, the Company had share purchase warrants outstanding, in addition to the agents' warrants, for the issuance of up to 4,000,000 common shares at \$0.75 per share, expiring on December 1, 2007, up to 2,000,000 common shares at \$1.25 per share, expiring on March 23, 2008 and up to 5,400,000 common shares at \$1.00 per share, expiring on August 23, 2008 (4,000,000 common shares in 2005 at \$0.75 per share expiring on December 1, 2007).

#### **11 - PROFESSIONAL FEES**

In 2006, professional fees include \$525,000 of costs incurred in investment banking related activities to identify potential strategic partners and equity financing opportunities.

#### **12 - 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.

## New Millennium Capital Corp.

### Notes to Consolidated Financial Statements

December 31, 2006 and 2005

#### 12 - INCOME TAXES (Continued)

The future income taxes in the consolidated statements of earnings is summarized as follows:

	2006	2005
	\$	\$
Loss before income taxes	<u>(3,148,156)</u>	<u>(1,936,153)</u>
Combined federal and provincial tax rates	<u>32.02%</u>	<u>36.00%</u>
	2006	2005
	\$	\$
Computed income tax recovery	(1,008,040)	(697,015)
Stock-based compensation expense	234,170	21,600
Amortization of property and equipment	-	14,133
Deferred financing costs	14,867	30,086
Professional fees	78,187	-
Mining duties	(17,836)	-
Change in tax rate and other items	<u>(417,900)</u>	<u>(1,273)</u>
	<u>(1,116,552)</u>	<u>(632,469)</u>

The future income tax liabilities are summarized as follows:

	2006	2005
	\$	\$
Mineral properties	5,369,945	2,458,350
Non-capital losses carried-forward	(3,644,441)	(910,861)
Share and unit issue costs	(470,406)	(316,985)
Property and equipment	<u>(32,197)</u>	-
	<u>1,222,901</u>	<u>1,230,504</u>

The Company has non-capital tax losses, which are available to reduce income taxes in the future years. They aggregate \$11,043,000 and can be carried over the following years:

	\$
2010	16,000
2014	503,000
2015	2,968,000
2026	<u>7,556,000</u>
	<u>11,043,000</u>

In February 2007, the Company filed the renunciation documents relating to the flow-through shares of \$3,000,500 issued in 2006 (\$4,000,000 renounced in February 2006, but issued in 2005). The corresponding decrease in capital stock and the increase in future income taxes relating to these flow-through shares of \$990,165 will be accounted for in 2007 (\$1,440,000 in 2005 accounted for in 2006).

## New Millennium Capital Corp.

### Notes to Consolidated Financial Statements

December 31, 2006 and 2005

#### 13 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2006	2005
	\$	\$
Sales taxes and other receivables	(838,860)	35,979
Accounts payable and accrued liabilities	92,639	292,864
	<u>(746,221)</u>	<u>328,843</u>

Included in the accounts payable and accrued liabilities is an amount of \$1,606,303 (\$639,821 in 2005) pertaining to additions to mineral licenses and \$83,930 (nil in 2005) pertaining to share and unit issue costs. Included in the cash used in advances on contracts is \$166,600 (nil in 2005) pertaining to mineral properties.

In 2006, the Company granted 859,800 common share purchase warrants (1,400,000 in 2005) to its agents in connection with equity financings. These agents' warrants valued at \$283,734 (\$545,230 in 2005) are excluded from the consolidated cash flows as they are non-monetary transactions.

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

	2006	2005
	\$	\$
Income taxes paid	-	2,077
Interest received	268,121	115,788

#### 14 - RELATED PARTY TRANSACTIONS

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

	2006	2005
	\$	\$
Mineral properties	206,582	17,381
General and administrative expenses	73,969	83,102
Professional fees	265,864	199,794
Directors fees	30,000	-
Share and unit issue costs	59,559	-

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.

The unpaid balances resulting from the above transactions amount to \$146,472 (\$62,202 in 2005) and are included in accounts payable and accrued liabilities.

# **New Millennium Capital Corp.**

## **Notes to Consolidated Financial Statements**

December 31, 2006 and 2005

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### ***15 - COMMITMENTS AND CONTINGENCY***

After undertaking the issue of flow-through shares in 2006, the Company fulfilled its spending commitments by incurring an excess of \$2,965,000 on Canadian mineral properties for the current year. The Company has spending commitments of \$35,000 by December 31, 2007. If the Company is not able to fulfill these commitments, Canadian exploration expenses renounced in 2007 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 fulfill the spending commitments.

The Company has entered into long-term leases for office premises amounting to \$228,187 and expiring by October 2011. The minimum lease payments for the next five years are \$80,832 in 2007, \$79,904 in 2008, \$30,234 in 2009, \$20,300 in 2010 and \$16,917 in 2011.

The Company has also entered into an agreement with an investor relations and strategic corporate communications provider. The agreement's minimum payment is \$35,000 in 2007.

Also, the Company is committed through LabMag Limited Partnership to pay aggregate royalties of 2% of gross revenues from the mineral interests acquired in 2004.

### ***16 - COMPARATIVE FIGURES***

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

## CORPORATE DIRECTORY

### Head Office

#### **New Millennium Capital Corp.**

140, 2723- 37 Avenue NE  
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T1Y 5R8

Tel: (403) 266-1150

Fax: (403) 233-0841

Chairman: Lee Nichols

E-mail: [lee.nichols@terracon.ca](mailto:lee.nichols@terracon.ca)

### Directors and Officers

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

### Auditors

#### **Raymond Chabot Grant Thornton LLP**

Chartered Accountants

### Executive Office

#### **New Millennium Capital Corp.**

1303 Green Avenue, Suite 400  
Westmount, Quebec, Canada  
H3Z 2A7

Tel: (514) 935-3204

Fax: (514) 935-9650

President and CEO: Robert Martin

E-mail: [rmartin@nmlresources.com](mailto:rmartin@nmlresources.com)

### Registrar and Transfer Agent

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

Valiant Trust Company  
310, 606 4th Street SW  
Calgary, Alberta T2P 1T1

Tel: (403) 233-2801

Fax: (403) 233-2857

Email inquiries: [valiant@telusplanet.net](mailto:valiant@telusplanet.net)

### Legal Counsel

#### **Davis 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.