

New Millennium Capital Corp.

THIRD QUARTER REPORT

2009

## MESSAGE TO SHAREHOLDERS

New Millennium Capital Corp. (“NML” or the “Company”) is pleased to report its unaudited financial and operational results for the three month period ended September 30, 2009.

The significant events, all of which occurred subsequent to the third quarter, include:

- The signing of an asset exchange and rail co-operation agreement with Labrador Iron Mines Ltd (“LIM”).
- The signing of a joint venture<sup>1</sup> agreement with Tata Steel's wholly owned subsidiary Tata Steel Global Minerals Holdings Pte Ltd, of Singapore (“Tata Steel”) to the Direct Shipping Ore (“DSO”) project.
- The update on feasibility study status for the DSO project.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

*The following discussion and analysis of the financial results for the interim period ended September 30, 2009 should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes contained in this report and the audited consolidated financial statements and MD&A for the year ended December 31, 2008 and 2007.*

*All dollar figures are in Canadian dollars (“C\$”), unless otherwise stated.*

## FORWARD LOOKING STATEMENTS

*This MD&A includes certain statements that constitute “forward-looking statements”, and “forward-looking information” within the meaning of applicable securities laws (“forward-looking statements” and “forward-looking information” are collectively referred to as “forward-looking statements”, unless otherwise stated). These statements appear in a number of places in this MD&A and include statements regarding our intent, or the beliefs or current expectations of NML's officers and directors. Such forward-looking statements involve known and unknown risks and uncertainties that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, words such as “believe”, “anticipate”, “estimate”, “project”, “intend”, “expect”, “may”, “will”, “plan”, “should”, “would”, “contemplate”, “possible”, “attempts”, “seeks” and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to the Company's future outlook and anticipated events or results and may include statements regarding the Company's future financial position, business strategy, budgets, litigation, projected costs, financial results, taxes, plans and objectives. The Company has based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements were derived utilizing numerous assumptions regarding expected growth, results of operations, performance and business prospects and opportunities that could cause NML's actual results to differ materially from those in the forward-looking statements. While the Company considers these assumptions to be reasonable, based on information currently available, they may prove to be incorrect. Accordingly, the reader is cautioned not to put undue reliance on these forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information*

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<sup>1</sup> Tata Steel will control the prospective joint venture Company due to their 80% ownership interest.

*available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.*

## **RESULTS OF OPERATIONS**

### **(SUBSEQUENT EVENTS)**

#### **Signing of an asset exchange and rail co-operation agreement with LIM**

On October 22, 2009, NML announced the signing of an asset exchange agreement with LIM to exchange certain direct shipping iron ore mineral properties located in the provinces of Newfoundland & Labrador and Quebec. In addition, the two companies signed a rail co-operation agreement regarding the reconstruction and permitting of the "Timmins Extension" rail tracks from the TSH Railroad main line near Schefferville to the Timmins mining areas.

#### **Asset exchange agreement:**

Prior to the asset exchange agreement, NML and LIM had partial ownership of 12 DSO deposits out of NML's 31 DSO deposits. The exchanged deposits were located in three different areas. NML shared with LIM certain deposits in Areas 1, 3 & 4. NML exchanged certain mineral properties in Areas 1 & 3 with LIM and acquired the ownership of additional resources in Area 4 where the Company plans to concentrate its mining activities. These exchanges were based on historical estimates of gross quantities (non NI 43-101 compliant) of ore contained in the DSO deposits and involved equal exchanges of about 13 million tonnes.

This new distribution will enable both NML and LIM to optimize their operations based on concentration of mining in their respective areas.

The historical estimates contained above of quantities of direct shipping quality ore are not in accordance with the mineral resources or mineral reserves classifications contained in the CIM Definition Standards on Mineral Resources and Mineral Reserves, as required by National Instrument 43-101 ("NI 43-101"). Accordingly, NML is not treating these historical estimates as current mineral resources or mineral reserves as defined in NI 43-101 and such historical estimates should not be relied upon. A qualified person has not done sufficient work to date to classify the historical estimates as current mineral resources or mineral reserves. The term "ore" above is being used in a descriptive sense for historical accuracy, and is not to be misconstrued as representing current economic viability.

#### **Rail co-operation agreement:**

The rail co-operation agreement ("RCA") provides the framework in which both NML and LIM have agreed to co-operate in the development of their respective projects. Some of the key components of the RCA are:

1. To facilitate iron ore mining, processing and transportation activities by allowing each party to apply for all required rights of way and/or surface rights.
2. To apply to government authorities to grant the right to each party on a specific portion of the Timmins Extension, along with rights of access to, construction on and use of such specific portion as are mutually granted by one party to the other party.
3. To negotiate and enter into an Operating agreement to determine terms of access to, use of the Timmins Extension and tariff to be paid by each party with respect to its use of the portion of rail line for which the other party holds the rights of way.
4. To collaborate in order to determine the most expedient means to refurbish the TSH Railway which is required to carry out the transportation of minerals extracted from the DSO deposits.

### **Signing of a joint venture agreement with Tata Steel for the DSO project**

On November 6, 2009, NML announced the signing of a joint venture agreement with Tata Steel to advance the development of the DSO Project. Under terms of this agreement, Tata Steel and NML agree to form a joint venture company after Tata Steel has delivered to NML a notice of joint venture investment arising after the feasibility study is completed by NML and delivered to Tata Steel.

Based on the joint venture agreement, upon closing subsequent to notice of the joint venture investment being delivered, Tata Steel will own 80% of the joint venture company (with NML holding 20%) and will arrange up to \$300 million for the capital of the project through suitable debt and equity. Tata Steel will reimburse NML for 80% of the cost incurred to exercise date to advance the DSO properties. The feasibility study, which is currently being developed in co-operation with Tata Steel's technical personnel, will outline the development plan of the mining project. The joint venture company will carry out project implementation in accordance with the joint venture agreement. Tata Steel will purchase 100% of the products from the joint venture company at benchmark prices set for similar products for the life of the mine.

### **Update on feasibility study status for the DSO project**

On November 6, 2009, NML and Tata Steel announced that the DSO feasibility study would be concluded, with a high level of confidence, as soon as all outstanding third party agreements are completed, or nearly completed, thereby allowing Tata to make a timely production decision. NML and Tata believe that these agreements can be satisfactorily negotiated and that upon completion the currently anticipated production start date of Q2, 2011 can be maintained. Negotiations are advanced on railway, terminal and First Nation agreements and the Company believes that evidence of clear mutual benefits will lead to satisfactory outcomes. These will be reported as each agreement is completed.

## Exposure to ABCP Market

The Company owns long-term asset-backed notes that were issued January 23, 2009 by Master Asset Vehicle II ("MAV2") a special-purpose entity that was created as a result of the restructuring of the Company's previous investment in Structured Investment Trust II, Series A asset-backed commercial paper ("ABCP"). The Company owns the following notes:

\$2,937,825 MAV2 Class A-1 Notes ("A-1")  
\$738,574 MAV2 Class A-2 Notes ("A-2")  
\$134,072 MAV2 Class B Notes ("B")  
\$118,086 MAV2 Class C Notes ("C")  
\$479,024 Tracking Notes Class 15

The receipt of the new notes was a transaction of substance and accordingly the Company recorded a settlement of the ABCP and recognition of the new notes. The new notes were initially recorded at fair value and are classified as held-for-trading under the Company's financial instrument policy which will require them to be measured at fair value at each period end with changes in fair value included in income or loss in the period in which they arise. As a result of the valuation done at September 30, 2009, no further decrease in fair value was recorded by the Company for the 3-month period ended September 30, 2009. A decrease in fair value of \$180,000 was recorded by the Company in the net loss of the first quarter of 2009.

The A-1, A-2 and B notes earn interest based upon the average bid rates of 30 days Canadian bankers' acceptance less 0.5%, while the C notes earn interest at 20%. The interest on A-1 and A-2 is payable quarterly, while interest on B and C will only be paid at maturity if funds remain. While the legal maturity dates for the A-1, A-2, B and C class notes are in July 2056, the expected repayment date of January 2017, based upon the maturities of the underlying assets, is being used for valuation purposes along with an anticipated principal repayment on A-1 in 2013. The order of preference with regard to repayments of principal is A-1, A-2, B and C. The Dominion Bond Rating Service ("DBRS") has issued the A-1 Notes a rating of "A" and the A-2 Notes a "BBB (low)" rating, but has not rated the B and C Notes. The Class 15 Notes, also not rated by DBRS, will pay a floating rate of interest commensurate with the nature of the underlying assets and have an expected repayment date of December 2012.

Until an active market develops for the new notes, the Company will estimate the fair value of the notes by discounting expected future cash flows determined using a valuation model that incorporates management's best estimate, based on the best available data, of credit risk attributable to the underlying assets, relevant market interest rates, amounts to be received and maturity dates.

The above estimated fair values may not be indicative of the ultimate net realizable value of the notes. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the probability of realization scenarios, returns, discount rates and attributes of underlying assets could significantly affect the value of the investment in subsequent periods. The resolution of these uncertainties could result in the value of these investments varying significantly from management's current estimates. For example, an increase of 1% in the discount rate used in the valuation of the ABCP value would result in a decrease in fair value of \$123,000.

The liquidity crisis in the Canadian and global markets has had no significant impact on the Company's operations. Cash and cash equivalents and term deposits at September 30, 2009 are held as cash, Government of Canada treasury bills and guaranteed investment certificates and the Company has no further exposure to the ABCP market.

## FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the Interim Consolidated Financial Statements ("financial statements") set forth herein. As discussed in Note 1 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 effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The Interim Consolidated Balance Sheet as of September 30, 2009 indicates cash and cash equivalents of \$12,316,030, term deposits of \$1,171,344, sales taxes receivable and prepaid expenses of \$495,868 and tax credits and mining duties receivable of \$1,652,484 resulting in total current assets of \$15,635,726 a decrease of \$8,690,767 from December 31, 2008. The long-term assets are comprised of mineral properties of \$41,428,920, property and equipment of \$50,261, advances on contracts of \$190,109 and long-term investments of \$2,040,519. The total assets are \$59,345,535 which is a decrease of \$3,183,287 from December 31, 2008.

Current liabilities at September 30, 2009 are composed of accounts payables and accrued liabilities of \$2,450,113, with long-term liabilities comprised of future income taxes of \$388,678 and non-controlling interest of \$475,000 for total liabilities of \$3,313,791, a decrease of \$1,972,144 from December 31, 2008. Shareholders' equity of \$56,031,744 decreased by \$1,211,143 from December 31, 2008, and is comprised of capital stock of \$64,818,740 and contributed surplus of \$5,374,702 less the deficit of \$14,161,698.

Working capital, at September 30, 2009 of \$13,185,613, is a decrease of \$7,313,772 from the December 31, 2008 total of \$20,499,385.

The decrease in working capital is mainly due to expenditures on mineral properties and business expenditures from normal day to day activities. The decrease in shareholders' equity is a result of the expenses from the normal course of business as well as a non-cash expense of \$855,900 for stock-based compensation and is net of the proceeds received of \$423,000 related to the issuance of common shares upon exercise of stock options. The Company used its term deposits and cash and cash equivalents to pay off accounts payable and fund its operations and continuing investment in mineral properties. The cash and cash equivalents and term deposits represent the funds that remain from the last equity financings and subsequent issuances of common shares and will continue to be used to pay for current liabilities, complete the DSO project's feasibility study and pay future corporate operating expenses. During the third quarter, \$3,851,014 of the Company's expenditures were mainly related to the PFS work on the DSO project. These expenditures were recorded as mineral properties. The future income taxes continue to be mainly comprised of the future tax liability that arises from the renunciation of CEE which are partially offset by the Company's operating losses.

For the three months ended September 30, 2009, NML realized a net loss of \$572,040 (\$0.00 per share) compared to a net loss of \$413,823 (\$0.00 per share) for the corresponding period in 2008. This loss represents operating expenses of \$839,573 (2008 - \$688,384) net of investment income of \$12,500 (2008 - \$32,328) and future income taxes recovery of \$255,033 (2008- \$242,233). An increase in general and administrative expenses and professional fees resulted in a larger loss when compared to the same period in 2008.

The Company 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 current funds, equity financing or investments by strategic partners.

All costs associated with mineral properties, totaling \$41,428,920 as outlined in Note 6 to the financial statements, have been classified as mineral properties. The expenditures are divided between the properties as follows: LabMag Property \$21,485,818, DSO Properties \$11,014,581, KéMag Property \$8,374,190, and Other Properties \$554,331. The cost centers for these capitalized expenditures are: mineral licenses \$3,514,161 resource evaluation \$14,553,518, drilling \$17,572,338, environmental \$9,392,423 and other \$274,715. The non-controlling interest of \$475,000, included in the Company's

liabilities, relates to the LabMag Property. These expenditures are partially offset by tax credits and mining duties of \$3,878,235. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others. At September 30, 2009 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.

## SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended September 30, 2009. The Company's interim consolidated financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars.

	Sept-09	June-09	Mar-09	Dec-08	Sept-08	Jun-08	Mar-08	Dec-07
Investment Income	12,500	53,783	45,954	147,106	32,328	45,312	59,173	68,578
Net Loss	(572,040)	(269,792)	(1,648,211)	(3,126,558)	(413,823)	(734,550)	(674,294)	(506,547)
Loss Per Share (1)	(0.00)	(0.00)	(0.01)	(0.02)	(0.00)	(0.01)	(0.01)	(0.01)

- (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.

## THIRD QUARTER RESULTS

For the three-month period ended September 30, 2009, general and administrative expenses, market development, professional fees and other expenses were \$839,573 compared to \$688,384 for the corresponding period in 2008. General and administrative expenses and professional fees increased in the period to \$423,422 and \$295,170 respectively compared to \$323,782 and \$227,795 for the same period in 2008. These expenses were partially offset by investment income of \$12,500 compared to \$32,328 for the three months in 2008 and future income tax recovery of \$255,033 for which there was \$242,233 recovered in the third quarter of 2008. As a result, NML's loss for the third quarter ended September 30, 2009 totalled \$572,040 (\$0.00 per share) compared to a loss of \$413,823 (\$0.00) per share for the comparative period in 2008.

## CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

During 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

On January 1, 2009, Section 3064 "Goodwill and Intangible Assets" establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company's results of operations and financial position were not materially affected by these new recommendations.

On March 27, 2009, the CICA issued EIC 174 "Mining Exploration Costs" that establishes standards for the capitalization of exploration costs related to mining properties and what conditions indicate there may be an impairment of the capitalized value. The Company effectively implemented this standard on a prospective basis. The Company's results of operations and financial position were not materially affected by these new recommendations.

## **FUTURE ACCOUNTING CHANGES**

In 2006, Canada's Accounting Standards Board ("AcSB") ratified a strategic plan that will result in GAAP, as used by publicly accountable enterprises, being fully converged with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") over a five year transitional period. On February 13, 2008, the AcSB announced that January 1, 2011 is the changeover date. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on January 1, 2011. The IASB's work plan currently has projects underway that are expected to result in new pronouncements that continue to evolve IFRS, and, as a result, IFRS as at the transition date of January 1, 2010 is expected to differ from its current form. The transition to IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. The Company has completed the assessment phase of its transition plan regarding the adoption of IFRS as issued by the IASB, which identified a modest number of topics possibly impacting the Company's financial results and the Company's effort necessary for transition. In this quarter, the Company initiated the second phase of transition which includes identification, evaluation and selection of accounting policies necessary for the Company to change over to IFRS as well as potential first-time adoption exemptions. This phase is well underway, however, the Company is still evaluating first time exemption options available on transition, the impact of transition on its current financial reporting and disclosure requirements, as well as other business impacts, and is therefore currently unable to disclose their IFRS accounting policies nor can the impact of the transition be quantified at this time. The next phase, implementation, is expected to take place in early 2010.

## **ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. The estimates include the recoverability of mineral properties, the fair value of term deposits and long-term investments, the useful life of property and equipment, future income taxes as well as the fair value estimates of stock options, agents' warrants and share purchase warrants. These estimates are based upon management's best knowledge of current events and actions that the Company may undertake in the future, they are reviewed periodically and adjustments are made in the period in which they become known, if necessary. Actual results could differ materially from these estimates.

## **FINANCIAL INSTRUMENTS**

### **Fair Value**

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with similar risks and remaining maturity.

The fair value of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

The fair value of the long-term investments is estimated by management based on the assumptions disclosed in Note 5 to the financial statements.

The fair values of the GIC's and T-bills are determined by discounting expected future cash flows using interest rates of 0.20% and 0.18% respectively (2008 – n/a) which represent the rate that the Company can use for a GIC and T-bill with similar terms and conditions and maturity dates.

Sensitivity to an increase of 1% in rates for the GIC's and T-bills would not have a material impact for the period ended September 30, 2009.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

In the normal course of operations, the Company is exposed to various financial risks that the Company's management manages. The Company's main financial risks are as follows:

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

### **Exchange risk**

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

At September 30, 2009, the Company had \$166,176 U.S. and €112,730 Euro. in accounts payable and accrued liabilities which have been translated to Canadian dollars at the exchange rate on September 30, 2009. A \$0.01 increase or decrease in the USD/CAD and EURO/CAD exchange rates would result in changes to net loss of \$1,700 and \$1,100 respectively.

### **Interest rate risk**

The cash equivalents and term deposits bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company does not use derivative financial instruments to reduce its interest rate exposure.

### **Liquidity risk**

Management serves to maintain sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of accounts payable and accrued liabilities are less than three months.

### **Credit risk**

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and term deposits are held through one Canadian chartered bank and in government of Canada treasury bills and management believes the risk of loss to be remote. The Company's credit risk is presently attributable to the long-term investments (see Note 5 of the financial statements).

### **Off-Balance Sheet arrangements**

Disclosure is required of all off-balance sheet arrangements such as transactions, agreements or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities or variable interest entities that are reasonably likely to materially affect liquidity or the availability of capital resources. The Company has no such off-balance sheet arrangements.

## **CAPITAL MANAGEMENT**

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives the Company monitors its capital structure and makes adjustments as required. Management has assessed that the Company has sufficient liquidity for the twelve month period ending September 30, 2010. The Company is not subject to any externally imposed capital requirements.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working Capital**

The Company's working capital at September 30, 2009 decreased from December 31, 2008 by \$7,313,772 to \$13,185,613 due to its operating expenses and on-going investment in mineral properties. The working capital consists of cash and cash equivalents, term deposits, sales taxes receivables and prepaid expenses and tax credits and mining duties receivable net of accounts payable and accrued liabilities.

### **Capital Expenditures**

There were capital expenditures of \$30,905, (2008 - \$22,501) during the first nine months of 2009.

### **Capital Resources**

At September 30, 2009, NML has paid up capital of \$64,818,740 (December 31, 2008 - \$64,092,726) representing 132,851,559 (December 31, 2008 - 131,486,558) common shares and contributed surplus of \$5,374,702 (December 31, 2008 - \$4,821,816) that is offset by a deficit of \$14,161,698 (December 31, 2008 - \$11,671,655) resulting in shareholders' equity of \$56,031,744 (December 31, 2008 - \$57,242,887).

## **TRANSACTIONS WITH RELATED PARTIES**

During the quarter, NML incurred directors' fees of \$12,000 (2008 - \$14,000), consulting fees included in mineral properties of \$25,000 (2008 - Nil), and consulting fees included in expenses of \$31,000 (2008 - \$44,000), to businesses owned by directors and the interim CFO of the Company. Additionally, \$215,000 (2008 - \$20,000) of expenses and an \$89,000 recovery (2008 - Nil) included in mineral properties were for professional fees paid to and recovered from professional firms in which the interim CFO and a director are partners.

During the nine month period ending September 30, 2009, NML incurred directors' fees of \$35,000 (2008 - \$42,000), consulting fees included in mineral properties of \$88,000 (2008 - \$32,000), and consulting fees included in expenses of \$100,000 (2008 - \$88,000) to businesses owned by directors and the interim CFO of the Company. Additionally, \$399,000 (2008 - \$126,000) of expenses and \$21,000 (2008 - Nil) of mineral properties were for professional fees paid to professional firms in which a director and the interim CFO are partners. Of these amounts \$210,000 (2008 - \$89,000) is payable at September 30, 2009.

These transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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

Additional disclosure concerning the Company's expenditures for mineral properties are provided in Note 6 of the September 30, 2009 Interim Consolidated Financial Statements that is available on NML'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 Company's Interim Consolidated Financial Statements were general and administration expenses of \$423,422 (2008 - \$323,782) for the three months ended September 30, 2009, comprised as follows: salaries and management fees \$193,909 (2008 - \$208,479), office and administration \$182,713 (2008 - \$91,105), and office rent \$46,800 (2008 - \$24,198).

## **MARKET OUTLOOK**

### **Iron Ore Market:**

Global economy has recovered in a more sustainable and synchronized fashion. The growth has been spreading around the developed world (EU, USA and Japan) as these economies finally emerged from the deepest recession since the great depression. The growth has been driven by stimulus spending by the Governments. This has helped the steel industry because of the emphasis on infrastructure reconstruction and incentive program to replace older automobiles with new ones. Because of a higher demand, companies have started to replenish their depleted inventories. Steel companies in the developed world experienced higher capacity utilizations compared to previous quarters, from a depressed level of 50-60% to 70% or higher.

Demand for commodities is continued to be driven by China and India. Supported by the Government's stimulus packages, there has been a strong recovery in the Chinese steel sector, due mainly to infrastructure building and construction activities. As a result, China has become the main force driving the seaborne iron ore demand. The Chinese steel production, after reaching 500 metric tonne ("mt") in 2008, is on track to achieve 600 mt in 2009. In spite of rising steel production, the world crude steel production is forecast to decrease by 9% compared to 2008 production. The Chinese iron ore import in September reached to a record high of 64.6 mt. The total iron ore import at the end of Q3 is 36% higher compared to the similar period in 2008.

While Western European and Asian consumers settled the benchmark price, China continued hold out for additional cuts in the 2008 benchmark price. Australian and Brazilian producers increasing sold their products in the spot market. The delivered price of Indian iron ore reached a yearly high of US\$115 per dry mt, 63% iron basis, by mid August. Encouraged by higher spot prices, marginal domestic miners in China restarted their production and thereby increasing the supply to the steelmakers. As a result, spot prices started to weaken and prices fell to the US\$80-85 per dry mt range. However, towards the end of September, spot prices started to become firmer.

### **Outlook:**

The world economy is expected to continue to emerge from the recession in 2010, which will lift up the consumer demand and industrial production. The restocking activities are also expected to pick up. As demand for steel grows, idled capacities are being brought into the production. As a result, steel prices in the developed world are projected to remain flat until further strengthening of the economy. However, a further expansion of the Chinese steel production is expected to put strain in the supply of the seaborne iron ore.

There is expected to be little capacity additions over next few years due implementation constrains of new projects. Around 300 mt of additional supplies could enter the market over the medium term. However, some of the additional volumes are expected to come from mines with higher operating costs. The capacity utilization rates for the seaborne iron ore industry is expected to be approximately 94% in 2009 – a level not seen since 2002 and significantly below last year's 98% level. With continued Chinese growth and a recovery in ex-China steel production, the capacity utilization rates are projected to increase back to the 98% level in 2010 and 2011. This is leading to some analysts to forecast iron ore prices to increase by 15% in 2010 and another 15% in 2011.

## **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 mining legislation which may require that primary processing be done within the province in order to obtain mining rights.

Recent catastrophic market conditions for resource commodities, including iron ore, after several years of improving prices has resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. Even though the Company is currently well financed, an extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations.

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

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

The market price of iron ore and other commodities is 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 September 30, 2009.

### 1. Share capital

(a) Authorized:

Unlimited number of common voting shares.

Unlimited number of preferred shares, without nominal or par value, issuable in series.

(b) Issued as of September 30, 2009: The Corporation has 132,851,559 common shares issued (\$64,818,740).

(c) Issued as of November 26, 2009: The Corporation has 132,851,559 common shares issued (\$64,818,740).

### 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 November 26, 2009, there were 8,828,000 common shares reserved for issuance pursuant to the exercise of stock options (September 30, 2009 – 8,795,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
200,000	\$0.47	November 1, 2009
25,000	\$0.52	September 27, 2010
865,000	\$0.55	October 19, 2010
40,000	\$0.76	April 6, 2011
1,500,000	\$0.75	September 13, 2011
90,000	\$0.75	November 2, 2011
375,000	\$0.50	February 1, 2012
905,000	\$0.75	August 2, 2012
250,000	\$0.65	November 13, 2012
25,000	\$0.73	November 19, 2012
1,500,000	\$0.83	January 30, 2013
250,000	\$1.44	March 25, 2013
100,000	\$1.65	April 30, 2013
70,000	\$1.75	June 1, 2013
2,570,000	\$0.37	January 20, 2014
30,000	\$0.37	April 29, 2014
33,000	\$0.65	October 8, 2014

As the Company's directors, officers, employees and consultants have been restricted from trading for the period since September 25, 2009, ("black-out period") pursuant to the Company's stock option plan the options that would have expired on November 1, 2009 will expire on the tenth day after the end of the black-out period.

### 3. Warrants

At November 26, 2009, there were no common shares reserved for issuance pursuant to the exercise of outstanding warrants (September 30, 2009 - Nil).

## **ADDITIONAL INFORMATION**

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

Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Third Quarter Report.

New Millennium Capital Corp.  
Unaudited Interim Consolidated Financial Statements  
September 30, 2009

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**New Millennium Capital Corp.**  
**Consolidated Balance Sheets**

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	Sept.30, 2009 (Unaudited) \$	December 31, 2008 (Audited) \$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,316,030	9,114,810
Term deposits	1,171,344	13,270,079
Sales taxes receivable and prepaid expenses	495,868	587,450
Tax credits and mining duties receivable	1,652,484	1,354,154
	<u>15,635,726</u>	<u>24,326,493</u>
Long-term investments (Note 5)	2,040,519	2,400,283
Advances on contracts	190,109	93,004
Property and equipment	50,261	42,092
Mineral properties (Note 6)	41,428,920	35,666,950
	<u>59,345,535</u>	<u>62,528,822</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	2,450,113	3,827,108
Future income taxes	388,678	983,827
Non-controlling interest	475,000	475,000
	<u>3,313,791</u>	<u>5,285,935</u>
<b>Shareholders' equity</b>		
Capital stock (Note 7)	64,818,740	64,092,726
Contributed surplus	5,374,702	4,821,816
Deficit	(14,161,698)	(11,671,655)
	<u>56,031,744</u>	<u>57,242,887</u>
	<u>59,345,535</u>	<u>62,528,822</u>

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

**New Millennium Capital Corp.**  
**Interim Consolidated Loss and Comprehensive Loss**  
**(Unaudited)**

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Revenue</b>	-	-	-	-
<i>Expenses</i>				
General and administrative	423,422	323,782	2,070,138	1,308,807
Professional fees	295,170	227,795	665,055	714,721
Foreign exchange loss (gain)	(1,601)	-	80,595	-
Market development	114,715	127,733	178,906	493,426
Amortization of property and equipment	7,867	9,074	22,736	27,923
	<u>839,573</u>	<u>688,384</u>	<u>3,017,430</u>	<u>2,544,877</u>
Loss before other items and income taxes	<u>(839,573)</u>	<u>(688,384)</u>	<u>(3,017,430)</u>	<u>(2,544,877)</u>
Other items				
Investment income	12,500	32,328	112,238	136,813
Change in fair value of long-term investments (Note 5)	-	-	(180,000)	-
Loss before income taxes	<u>(827,073)</u>	<u>(656,056)</u>	<u>(3,085,192)</u>	<u>(2,408,064)</u>
Future income taxes	255,033	242,233	595,149	585,397
<b>Net loss</b>	<u>(572,040)</u>	<u>(413,823)</u>	<u>(2,490,043)</u>	<u>(1,822,267)</u>
Other comprehensive loss, net of income tax				
Change in fair value of long-term investment	-	(370,000)	-	(370,000)
<b>Comprehensive loss</b>	<u>(572,040)</u>	<u>(783,823)</u>	<u>(2,490,043)</u>	<u>(2,192,667)</u>
Loss per share – basic and diluted	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.02)</u>	<u>(0.02)</u>
Weighted average number of shares outstanding	<u>132,248,026</u>	<u>104,919,962</u>	<u>131,743,170</u>	<u>103,344,028</u>

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

**New Millennium Capital Corp.**  
**Interim Consolidated Deficit**  
**Interim Consolidated Contributed Surplus**  
**(Unaudited)**

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>CONSOLIDATED DEFICIT</b>				
Balance, beginning of period	(13,589,658)	(8,131,724)	(11,671,655)	(6,722,430)
Net loss	(572,040)	(413,823)	(2,490,043)	(1,822,667)
Balance, end of period	<u>(14,161,698)</u>	<u>(8,545,097)</u>	<u>(14,161,698)</u>	<u>(8,545,097)</u>
<b>CONSOLIDATED CONTRIBUTED SURPLUS</b>				
Balance, beginning of period	5,677,716	4,740,149	4,821,816	5,613,402
Stock-based compensation expense				
Employees and directors	-	-	717,900	231,375
Consultants	-	-	138,000	69,500
Transfer to capital stock upon exercise of agents' warrants	-	-	-	(406,206)
Transfer to capital stock upon exercise of share purchase warrants	-	(3,000)	-	(695,928)
Transfer to capital stock upon exercise of stock options	(303,014)	-	(303,014)	(74,994)
Balance, end of period	<u>5,374,702</u>	<u>4,737,149</u>	<u>5,374,702</u>	<u>4,737,149</u>

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

**New Millennium Capital Corp.  
Interim Consolidated Cash Flows  
(Unaudited)**

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Operating activities</b>				
Net loss	(572,040)	(413,823)	(2,490,043)	(1,822,667)
Interest received on long-term investments	-	-	172,112	-
Non-cash items				
Stock-based compensation expense				
Employees and directors	-	-	717,900	231,375
Consultants	-	-	138,000	69,500
Amortization of property and equipment	7,867	9,074	22,736	27,923
Change in fair value of long-term investments	-	-	180,000	-
Future income taxes	(255,033)	(242,233)	(595,149)	(585,397)
	<u>(819,206)</u>	<u>(646,982)</u>	<u>(1,854,444)</u>	<u>(2,079,266)</u>
Changes in working capital items (Note 8)	668,099	(179,472)	(1,652,365)	(18,611)
Cash flows used by operating activities	<u>(151,107)</u>	<u>(826,454)</u>	<u>(3,506,809)</u>	<u>(2,097,877)</u>
<b>Investing activities</b>				
Purchase of term deposits	(1,154,554)	(150,128)	(1,203,947)	(204,341)
Redemption of term deposits	154,876	-	13,302,682	1,933,995
Redemption of long-term investment	7,652	-	7,652	-
Advances on contracts	(190,109)	(123,007)	(241,001)	(295,737)
Acquisition of property and equipment	(5,930)	-	(30,905)	(22,501)
Tax credits received	1,041,029	867,393	1,041,029	1,184,723
Additions to mineral properties	(3,265,462)	(2,401,271)	(6,590,481)	(5,678,557)
Cash flows provided (used) by investing activities	<u>(3,412,498)</u>	<u>(1,807,013)</u>	<u>6,285,029</u>	<u>(3,082,418)</u>
<b>Financing activities</b>				
Issuance of common shares	423,000	58,976	423,000	5,025,196
Share issue costs	-	-	-	20,695
Cash flows provided by financing activities	<u>423,000</u>	<u>58,976</u>	<u>423,000</u>	<u>5,045,891</u>
Increase (decrease) in cash and cash equivalents	<u>(3,140,605)</u>	<u>(2,574,491)</u>	<u>3,201,220</u>	<u>(134,404)</u>
<b>Cash and cash equivalents, beginning of the period</b>	<u>15,456,635</u>	<u>6,772,097</u>	<u>9,114,810</u>	<u>4,332,010</u>
<b>Cash and cash equivalents, end of the period</b>	<u>12,316,030</u>	<u>4,197,606</u>	<u>12,316,030</u>	<u>4,197,606</u>

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

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**1. Governing statutes and nature of operations**

New Millennium Capital Corp. (Company) was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003.

The Company is in the process of exploring and evaluating its mineral properties. The recoverability of amounts shown for mineral properties 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.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) applicable to a going concern, which assumes that the Company will be able to realize its assets, except within the limits described above, and discharge its liabilities in the normal course of operations. Management has assessed it has sufficient liquidity for at least the twelve month period ending September 30, 2010.

**2. Summary of significant accounting policies**

The unaudited interim consolidated financial statements have been prepared in accordance with GAAP applicable to the preparation of interim financial information. Accordingly, these statements do not include all of the information and disclosures required in annual consolidated financial statements. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are the same as those described in our audited consolidated financial statements and the notes thereto for the years ended December 31, 2008 and 2007 except for changes described in Note 3.

In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these consolidated financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the years ended December 31, 2008 and 2007.

**3. Changes in accounting policies**

Effective January 1, 2009 the Company adopted Section 3064 "Goodwill and Intangible Assets" issued by the Canadian Institute of Chartered Accountants (CICA). This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company's results of operations and financial position were not materially affected by the adoption of this standard and as such there was no restatement of prior year financial statements.

On March 27, 2009, the CICA issued EIC 174 "Mining Exploration Costs" that establishes standards for the capitalization of exploration costs related to mining properties and what conditions indicate there may be an impairment of the capitalized value. The Company implemented this standard on a prospective basis. The Company's results of operations and financial position were not materially affected by the adoption of this standard.

**4. Future accounting changes**

On February 13, 2008 the CICA announced the adoption of International Financial Reporting Standards (IFRS) for publicly accountable enterprises. IFRS will replace Canadian GAAP. The change applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. We are currently assessing the impact of the convergence of Canadian GAAP with IFRS on the Company's financial results and disclosures.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**5. Long-term investments**

The Company owns long-term asset-backed notes that were issued January 23, 2009 by Master Asset Vehicle II (MAV2) a special-purpose entity that was created as a result of the restructuring of the Company's previous investment in Structured Investment Trust II, Series A asset-backed commercial paper (ABCP). The Company owns the following notes:

\$2,937,825 MAV2 Class A-1 Notes (A-1)  
\$738,574 MAV2 Class A-2 Notes (A-2)  
\$134,072 MAV2 Class B Notes (B)  
\$118,086 MAV2 Class C Notes (C)  
\$479,024 Tracking Notes Class 15

The receipt of the new notes was a transaction of substance and accordingly the Company recorded a settlement of the ABCP and recognition of the new notes. The new notes were initially recorded at fair value and are classified as held-for-trading under the Company's financial instrument policy which will require them to be measured at fair value at each period end with changes in fair value included in income or loss in the period in which they arise. As a result of the valuation done at September 30, 2009, no further decrease in fair value was recorded by the Company for the 3-month period ended September 30, 2009. A decrease in fair value of \$180,000 was recorded by the Company in the net loss of the first quarter of 2009.

The A-1, A-2 and B notes earn interest based upon the average bid rates of 30 days Canadian bankers' acceptance less 0.5%, while the C notes earn interest at 20%. The interest on A-1 and A-2 is payable quarterly, while interest on B and C will only be paid at maturity if funds remain. While the legal maturity dates for the A-1, A-2, B and C class notes are in July 2056, the expected repayment date of January 2017, based upon the maturities of the underlying assets, is being used for valuation purposes along with an anticipated first principal repayment on A-1 in 2013. The order of preference with regard to repayments of principal is A-1, A-2, B and C. The Dominion Bond Rating Service (DBRS) has issued the A-1 Notes a rating of "A" and the A-2 Notes a "BBB (low)" rating, but has not rated the B and C Notes. The Class 15 Notes, also not rated by DBRS, will pay a floating rate of interest commensurate with the nature of the underlying assets and have an expected repayment date of December 2012.

Until an active market develops for the new notes, the Company will estimate the fair value of the notes by discounting expected future cash flows determined using a valuation model that incorporates management's best estimate, based on the best available data, of credit risk attributable to the underlying assets, relevant market interest rates, amounts to be received and maturity dates.

The above estimated fair values may not be indicative of the ultimate net realizable value of the notes. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the probability of realization scenarios, returns, discount rates and attributes of underlying assets could significantly affect the value of the investments in subsequent periods. The resolution of these uncertainties could result in the value of these investments varying significantly from management's current estimates. For example, an increase of 1% in the discount rate used in the valuation of the long-term investments value would result in a decrease in fair value of \$123,000.

The liquidity crisis in the Canadian and global markets has had no significant impact on the Company's operations. Cash and cash equivalents and term deposits at September 30, 2009 are held as cash, Government of Canada treasury bills and guaranteed investment certificates and the Company has no further exposure to the ABCP market.

**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

**6. Mineral Properties**

	LabMag Property \$	KéMag Property \$	Direct Shipping Ore-Holdings Properties (DSO) \$	Other Properties \$	Balance as at Sept. 30 2009 \$	Balance as at Dec. 31 2008 \$
Beginning balance	21,421,267	8,241,962	5,719,315	284,406	-	-
Mineral licenses	6,250	3,295	42,483	38,973	3,514,161	3,423,160
Drilling	22,266	23,133	1,734,595	202,072	17,572,338	15,590,272
Resource evaluation	35,518	216,034	3,111,713	35,465	14,553,518	11,154,788
Environmental	517	22	1,628,992	-	9,392,423	7,762,892
Other	-	-	-	-	274,715	274,715
	58,301	239,189	6,475,300	237,537	41,792,994	34,782,667
Tax credits and mining duties	-	(110,256)	(1,222,517)	(6,585)	(3,878,235)	(2,538,877)
Ending balance	21,485,818	8,374,190	11,014,581	554,331	41,428,920	35,666,950

**Overview**

The Company holds interests in 3,142 claims distributed between properties in Newfoundland and Labrador (NL) and Québec. Claims registered under New Millennium Capital Corp. (NML) are owned 100% by the Company. Claims registered under LabMag Limited Partnership (LLP) are owned 80% by the Company through its 80% interest in LLP.

Province	Ownership	LabMag Property	KéMag Property	DSO Properties	Other Properties	Total
Newfound- land & Labrador	NML	-	-	211	797	1008
	LLP	639	-	34	-	673
Québec	NML	-	171	512	778	1461
<b>Total</b>		<b>639</b> [160 km <sup>2</sup> ]	<b>171</b> [81 km <sup>2</sup> ]	<b>757</b> [294 km <sup>2</sup> ]	<b>1,575</b> [571 km <sup>2</sup> ]	<b>3,142</b> [1,106 km <sup>2</sup> ]

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**6. Mineral Properties** *(Continued)*

**LabMag Property:**

The LabMag Iron Ore Project involves the exploration and development of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the Town of Schefferville, Québec. A Pre-feasibility Study completed in 2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a pipeline to a 15 million tonnes per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for export overseas.

**KéMag Property:**

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

**DSO Properties:**

The Company's DSO Projects involve exploration and development work on hematite deposits in Québec and Labrador which were previously held and/or mined by Iron Ore Company of Canada. The properties, located in isolated claim blocks, extend from 15 kms SE of Schefferville to the Goodwood area some 50 kms NW of Schefferville. A Pre-Feasibility Study was completed in 2009 on this Project based on annual shipments of 4 million tones of lump and sinter fines ore.

**Other Properties:**

The remaining claims include holdings of magnetic taconite and dolomite as well as the site of the potential Emeril plant.

Tata Steel Global Minerals Holdings PTE Ltd. (Tata) acquired in 2008 19.9% of the post-acquisition total issued and outstanding common shares of the Company. Pursuant to a related agreement, Tata will have exclusivity on the DSO Properties through completion of a feasibility study. After completion of the feasibility study, Tata will have an option for a 180-day period to acquire an 80% equity interest on the DSO Properties. Upon exercising the option, Tata will pay 80% of NML's costs incurred to the exercise date to advance the DSO Properties. Tata will fund up to \$300 million to earn its 80% interest and will commit to purchase, at world price, 100% of DSO's iron ore production for the life of the mining operation.

Tata also has an exclusive right to negotiate and settle a proposed transaction in respect of the LabMag and KéMag Properties until December 31, 2010, subject to early termination if Tata does not exercise its option to participate in the DSO Project. The parties intend to work together to find an economically viable solution to advance these projects.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**7. Capital stock**

**Authorized:**

Unlimited number of shares

Common shares

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

**Issued and fully paid:**

	Number of common shares	Amount \$
Balance, as at December 31, 2008	131,486,558	64,092,726
Issued for cash on exercise of stock options	1,365,001	423,000
Transferred from contributed surplus upon exercise of stock options	-	303,014
Balance, as at September 30, 2009	<u>132,851,559</u>	<u>64,818,740</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.

During the nine-month period ended September 30, 2009, 2,600,000 options were granted (1,920,000 for 2008).

The weighted average fair value of stock options granted during the nine-month period was \$0.24 (\$0.57 in 2008) per option. The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	2009	2008
Risk-free interest rate	<u>2.03%</u>	<u>3.45%</u>
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	79.16%	72.4%
Dividend yield	Nil	Nil

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**8. Information included in consolidated cash flows**

The changes in working capital items are detailed as follows:

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Sales taxes receivable and prepaid expenses	(222,939)	(166,052)	91,582	(104,417)
Accounts payable and accrued liabilities	891,038	(13,420)	(1,743,947)	85,806
	<u>668,099</u>	<u>(179,472)</u>	<u>(1,652,365)</u>	<u>(18,611)</u>

Included in the accounts payable and accrued liabilities is an amount of \$1,184,135 at September 30, 2009 (\$1,803,642 at September 30, 2008) pertaining to additions to mineral properties.

Included in the cash used in advances on contracts is \$143,896 for the nine months ended September 30, 2009 and nil for the three months ended September 30, 2009 (\$336,274 for nine month ended September 30, 2008 and \$146,905 for three month ended September 30, 2008) pertaining to mineral properties.

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

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009 \$	2008 \$	2009 \$	2008 \$
Income taxes paid	-	-	-	-
Interest received	14,008	28,028	214,823	151,323

**9. Capital management**

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives the Company monitors its capital structure and makes adjustments as required. The Company is not subject to any externally imposed capital requirements.

**10. Commitments and Contingency**

Pursuant to the Tata agreement disclosed in Note 6, if Tata exercises their option on any of the projects, then the Company is committed to pay financial advisors the sum of US\$6,263,615.

The Company has entered into long-term leases for premises, equipment and consulting agreements amounting to \$631,946 and expiring by June 2012. The minimum payments until expiry are \$100,004 in the remainder of 2009, \$240,636 in 2010, \$201,306 in 2011 and \$90,000 in 2012.

The Company is committed through LLP to pay aggregate royalties of 2% of LLP's gross revenues.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
September 30, 2009  
(Unaudited)

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**11. Related party transactions**

The Company incurred the following transactions with directors, companies under their control and partnerships in which a director and the interim chief financial officer are partners.

	3 months ended Sept. 30		9 months ended Sept. 30	
	2009	2008	2009	2008
	\$	\$	\$	\$
Mineral properties	(63,834)	-	109,023	32,066
General and administrative expenses	12,350	44,104	27,056	88,069
Directors fees	11,500	14,000	34,500	42,000
Professional fees	234,088	19,970	472,021	126,498

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 balance included in accounts payable and accrued liabilities resulting from the above transactions amount to \$210,268 (\$89,104 in 2008).

**12. Financial Instruments**

**Fair value**

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with similar risks and remaining maturity.

The fair value of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

The fair value of the long-term investments is estimated by management based on the assumptions disclosed in Note 5.

The fair values of the GIC's and T-bills are determined by discounting expected future cash flows using interest rates of 0.2% and 0.18% respectively (2008 – n/a) which represent the rate that the Company can use for a GIC and T-bill with similar terms and conditions and maturity dates.

Sensitivity to an increase of 1% in rates for the GIC's and T-bills would not have a material impact for the period ended September 30, 2009.

**Financial risk management objectives and policies**

In the normal course of operations, the Company is exposed to various financial risks that the Company's management manages. The Company's main financial risks are as follows:

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**  
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(Unaudited)

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**12. Financial Instruments** *(Continued)*

**Financial risks**

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

**Exchange risk**

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

At September 30, 2009, the Company had \$166,176 U.S. and €112,730 Euro. in accounts payable and accrued liabilities which have been translated to Canadian dollars at the exchange rate on September 30, 2009. A \$0.01 increase or decrease in the USD/CAD and EURO/CAD exchange rates would result in charges to net loss of \$1,700 and \$1,100 respectively.

**Interest rate risk**

The cash equivalents and term deposits bear interest at fixed rates and the Company is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company does not use derivative financial instruments to reduce its interest rate exposure.

**Liquidity risk**

Management serves to maintain sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of accounts payable and accrued liabilities are less than three months.

**Credit risk**

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and term deposits are held through one Canadian chartered bank and in government of Canada treasury bills and management believes the risk of loss to be remote. The Company's credit risk is presently attributable to the long-term investments (see Note 5).

**13. Comparative figures**

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

## CORPORATE DIRECTORY

### Head Office

#### New Millennium Capital Corp.

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Fax: (403) 233-0841

Chairman: Lee Nichols

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

### Executive Office

#### New Millennium Capital Corp.

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Fax: (514) 935-9650

President and CEO: Robert Martin

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

### Directors and Officers

- Robert Martin, President, Chief Executive Officer and Director
- Lee C. G. Nichols, Chairman and Director
- Dean Journeaux, Chief Operating Officer and Director
- Roy H. Hudson, Secretary and Director
- John N. Schindler, Director
- Pierre Seccareccia, Director
- Narendra Kumar (NK) Misra, Director
- Arun Das Baijal, Director
- Mark Freedman, Interim Chief Financial Officer
- Bish Chanda, Senior Vice-President, Marketing & Strategy
- Moulaye Melainine, Vice President, Development
- Jean-Charles Bourassa, Vice-President, Mining

### 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 LLP

Barristers and Solicitors