

New Millennium Iron Corp.

(Formerly New Millennium Capital Corp.)

SECOND QUARTER REPORT

2011

MESSAGE TO SHAREHOLDERS

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

The significant second quarter events were:

Taconite Project:

- Start of bulk sample collection for pilot plant testing in the Taconite Project feasibility study.

Direct Shipping Ore (“DSO”) Project:

- Signing of an Impact and Benefit Agreement with the Nation Innu Matimekush-Lac John.
- Awarding of engineering, procurement and construction management contract (“EPCM”).
- Start of mobilization to commence construction during June 2011.

Exploration:

- The identification of two target areas for this year’s drilling and resource evaluation program. These 100% NML owned taconite anomalies are located in the Millennium Iron Range. NML’s objective is to carry out sufficient drilling in 2011 to produce NI 43-101 compliant resources by Q1, 2012.

General Corporate Information:

- Senior management changes:
 - The announcement of Robert A. Martin’s retirement, and of Dean Journeaux being appointed President and Chief Executive officer, effective July 1st, 2011.
 - The appointment of Ernest Dempsey as Vice-President Investor Relations and Corporate Affairs.
- Name change to New Millennium Iron Corp. from New Millennium Capital Corp. and new brand identity.

The significant subsequent events were:

Taconite Project:

- Bulk sampling program for pilot scale testing of the Taconite Project.

DSO Project:

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

Exploration:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

These interim consolidated financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

FORWARD LOOKING STATEMENTS

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

25, 2011 which is filed on SEDAR at www.sedar.com. To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

OVERALL PERFORMANCE

Overview of Business

The Corporation controls the emerging Millennium Iron Range (“MIR”), located in the Province of Newfoundland and Labrador and in the Province of Quebec, which holds one of the world’s largest undeveloped magnetic iron ore deposits. In the same area, TSMC is also advancing the DSO Project to near term production.

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

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

The MIR currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred resources at an average grade of 29.3% Fe; KéMag contains 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred resources at an average grade of 31.2% Fe.

NML’s DSO project contains 64.1 million tonnes of Proven and Probable reserves at an average grade of 58.8% Fe, 8.1 million tonnes of Measured and Indicated resources at an average grade of 58.8% Fe, 7.2 million tonnes of Inferred resources at an average grade of 56.8% Fe and about 40.0 - 45.0 million tonnes of historical resources that are not currently in compliance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources and the historical estimate should not be relied upon.

The Corporation’s mission is to add shareholder value through the responsible and expeditious development of the MIR and other mineral projects to create a new large source of raw materials for the world’s iron and steel industries. For further information, please visit www.nmlresources.com, www.tatasteel.com and www.tatasteeleurope.com.

RESULTS OF OPERATIONS

TACONITE PROJECT

Start of bulk sample collection for pilot plant testing in the taconite project feasibility study

On May 24, 2011, NML announced that George Downing Estate Drilling Ltd. of Grenville-sur-la-Rouge, Quebec had commenced drilling selected portions of the KéMag deposit to collect representative bulk samples for pilot plant testing that would be jointly undertaken by NML and Tata Steel. The contract is for approximately 5,500 meters of PQ size core (3.345"/85 mm) at the KéMag deposit. About 85 tonnes of material will be collected to validate the process flowsheet and to produce sufficient quantities of concentrates to be used for the design of the pelletizing equipment and by other vendors to size their respective equipment.

The Contractor mobilized two machines to drill the PQ size holes and the work was expected to be completed by the end of July. The program has been designed to collect representative samples of all seven stratigraphic layers by drilling at selected locations. Full cores will be crushed, screened and blended to prepare samples for the pilot plant test and equipment sizing by vendors. 15-20 tonnes of concentrates are planned to be produced and will be used to size and design the pelletizing furnace and to provide products for evaluation to potential off-takers.

DSO PROJECT

Signing of an Impact and Benefit Agreement with the Nation Innu Matimekush-Lac John

On June 8, 2011, an Impact and Benefit Agreement ("IBA") between TSMC and Nation Innu Matimekush-Lac John ("NIMLJ") was signed in Schefferville by Rajesh Sharma, Managing Director and CEO of TSMC, and by NIMLJ Chief Real McKenzie. NML's Chief Operating Officer, Dean Journeaux, was also present.

The "life of mine" agreement promotes and governs a mutually beneficial development of the DSO project located in western Labrador and north eastern Quebec, near Schefferville, Quebec.

The IBA establishes the processes and sharing of benefits that will ensure an ongoing positive relationship with all affected First Nations. In return for their consent and support of the DSO project, the First Nations will benefit through training, employment, business opportunities and financial participation in the project. The IBA also commits TSMC to implement the project in a manner that safeguards the environment and provides the NIMLJ with social and cultural protection.

The agreement with NIMLJ is the second one of four such IBAs that are in the process of being concluded. Negotiations with two other affected First Nations, namely Innu Takuaihan Uashat mak Mani Utenam of Quebec and the Innu Nation from Labrador, are currently in progress. An IBA with the Naskapi Nation was announced on June 10, 2010.

Awarding of EPCM contract

An EPCM contract was awarded by TSMC in April, 2011 to AECOM Technology Corporation, Montreal, Quebec. Detailed engineering and procurement of long delivery equipment is in progress.

Start of mobilization to commence construction during this summer

On June 8, 2011, NML also announced the start of mobilization to commence construction during this summer. A 192 person modular camp for the Timmins Plant and Mine site has been procured. The first shipment of modules had arrived in Sept-Iles. Start of construction of the

camp was planned for June, and represented an important milestone towards achieving our objective to bring the mine into production by the second half of 2012.

EXPLORATION

On April 27, 2011 NML announced that it would proceed with the exploration of two 100% owned taconite anomalies located in the MIR. These anomalies were identified by the airborne magnetic survey undertaken in 2010. NML's objective is to carry out sufficient drilling in 2011 to produce NI 43-101 compliant resources by Q1, 2012.

The MIR is a 210 km long magnetic taconite belt controlled by NML. The airborne magnetic survey also covered the proven taconite deposits of LabMag (NL) and KéMag (QC). Based on the airborne magnetic survey, several strong magnetic anomalies comparable in intensity to the LabMag and KéMag taconite deposits are outlined in the north and south sections of these deposits.

The following target areas have been selected for this year's drilling and resource evaluation program:

Lac Ritchie, QC: This iron formation is flat lying (dipping 10 to 15° towards the northeast (NE) and is very similar to the KéMag deposit in its geological setting. The aeromagnetic anomaly is comparable to the KéMag deposit. The KéMag deposit and its associated magnetic anomaly extend over an area of 13.5 km² and contain 2.1 billion tonnes of Proven and Probable reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred resources at an average grade of 31.2% Fe. The Lac Ritchie area is about 11.5 km long and 2.3 km wide with an area of 26.45 km², almost twice the size of KéMag.

Perault Lake, NL: This iron formation also has a strong magnetic intensity and occurs south of the LabMag deposit. It is exposed on the surface and dips between 5 to 10° towards the NE. The magnetic intensity of the anomaly is found to be equal to or stronger than that of the LabMag deposit. The LabMag deposit covers an area 17.9 km² and contains 3.5 billion tonnes of Proven and Probable reserves at a grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred resources at an average grade of 29.3% Fe. The Perault Lake formation is 14.0 km long and 1.0 to 1.5 km wide with an area of about 17.5 km².

GENERAL CORPORATE INFORMATION

Senior management changes

On April 20, 2011, NML announced that Robert A. Martin had informed the Board of Directors that he would be stepping down from his role as President, Chief Executive Officer and Director of the Corporation, effective July 1st, 2011. Mr. Martin was one of the founding directors of NML. The company also announced that Dean Journeaux, currently a Director and Chief Operating Officer, would become President and Chief Executive Officer of the Company, effective on the same date. Mr. Martin will remain associated with the Company as Chairman of the Strategic Advisory Committee to the Board of Directors, also effective July 1st, 2011, which reports to the Board in respect of long term strategies for the growth and development of NML's business.

On April 25, 2011, NML announced that it had appointed Ernest Dempsey as Vice-President, Investor Relations and Corporate Affairs. Mr. Dempsey brings more than 35 years of international experience in all commercial aspects of the iron ore industry. He has significant experience in supplying direct shipping ore, concentrates and pellets to a wide range of steelmakers, including the operations now comprising Tata Steel Europe. He is based at NML's corporate office in Montréal, Canada.

Name change and new brand identity

On June 14, 2011, NML announced that it had adopted a new brand identity and changed its name to New Millennium Iron Corp. The stock symbol remains "NML". The name change was approved by the shareholders of the Corporation at the annual general and special meeting held on June 8, 2011.

Effective June 15, 2011, the common shares of the Corporation began trading on the TSX Venture exchange under the name New Millennium Iron Corp.

The Company also adopted a new logo.

SUBSEQUENT EVENTS

TACONITE PROJECTS

Bulk sampling program for pilot scale testing of the Taconite Project

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

Approximately 70 tonnes out of 75 tonnes were collected and being sent to MRC Laboratory, Nashwauk, Minnesota, USA for processing. The laboratory had received approximately 65 tonnes of the samples. Sample preparation and analytical work were well under way.

DSO PROJECT

Approval of the surface lease application by TSMC

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

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

Permits for the site preparation and construction of the camp have also been issued by GNL. Camp modules are being progressively shipped to the site. Erection of the camp is expected to begin before the end of July, 2011.

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

Start of 2011 drilling program at the DSO properties to convert historical resources for NI 43-101 compliance and hydrogeological survey

On August 8, 2011, NML announced that TSMC would start hydrogeological as well as exploration drilling at several DSO deposits. TSMC engaged the services of Forages Lbm Inc of Victoriaville, Québec, to undertake about 4,000 meters of reverse circulation drilling.

TSMC owns 25 DSO deposits located near Schefferville, Québec. The deposits are located in two places: Areas 2 & 3 and 4. Exploration drilling would be carried out in three deposits namely, Kivivic 1C, Kivivic 2 and Leroy 1, all located in Area 4. It is estimated that these three deposits contain around 25 million tonnes of historical resources. Based on the drilling results, the resource estimate would be upgraded to conform to the requirements of NI43-101.

Hydrogeological drilling would be carried out to establish ground water profiles and patterns for deposits located in both areas. The information is required to satisfy certain pre-conditions that were part of the approval of the Environmental Impact Statement (“EIS”) for Area 3 by GNL. The collected information would also be used to support the on-going EIS review for Area 4 by the Government of Québec as well as further hydrogeological information required for the operation of the mines.

The hydrogeological drilling is another step toward production in that area. The data will provide valuable information to plan mining and tailings disposal operations. As to the drilling results of Kivivic 1C, Kivivic 2 and Leroy deposits, based on previous experience, they are expected to provide additional tonnages of NI 43-101 compliant resources, which would increase the life of the project beyond the 12 year period assumed in the feasibility study.

EXPLORATION

Start of Drilling at NML’s 100% owned Lac Ritchie Property

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

Based on the results of the Airborne Magnetic survey undertaken in 2010, NML selected two of the several promising targets for further exploration. Following the evaluation of drill results, NML intends to undertake a scoping study with the objective of providing an estimate of NI43-101 compliant resources.

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

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

Plans to drill new exploration target located between the KéMag and LabMag deposits

On August 11, 2011, NML announced that, based on its ongoing evaluation of historical drill results incorporating recent airborne magnetic survey data, it had identified another high priority target.

The target coincides with drill hole HR179D drilled on the strike extension of the taconite formation connecting the LabMag and KéMag deposits. This zone extends for approximately 18 km from the north end of the LabMag Deposit to the south end of the KéMag Deposit. The taconite band in this area coincides with NL-1 and NL-2 airborne magnetic anomalies outlined based on the Airborne Magnetic survey conducted in 2010.

Hole HR1279D was drilled in 2006 as an exploratory hole to check the taconite extension north west of LabMag deposit. The hole was drilled to a depth of 105 m intersecting all economic stratigraphic units. Although the results of the testing and analysis were encouraging no additional drilling was carried out as NML decided to concentrate its efforts on KéMag and LabMag. However, the Airborne Magnetic survey conducted in 2010 indicated the presence of groups of magnetic anomalies over the taconite extension between LabMag and KéMag deposits.

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

FINANCIAL CONDITION

The following discussion of the Corporation's financial performance is based on the unaudited Interim Consolidated Financial Statements as of June 30, 2011 ("financial statements") set forth herein. As discussed in Note 2 to the financial statements, they are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, as issued by the IASB. IFRS 1, First Time Adoption of IFRS, has been applied as they are part of the period covered by the Company's first IFRS consolidated financial statements as at and for the financial year ending December 31, 2011.

Certain disclosures that are required to be included in the annual financial statements prepared in accordance with IFRS that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") have been included in the March 31, 2011 financial statements for the comparative annual period. The significant accounting policies applied in the preparation of these financial statements are set out in Note 2 of the March 31st financial statements and have been consistently applied to all periods presented except in instances where IFRS 1 requires or permits an exemption.

These financial statements should be read in conjunction with the Company's 2010 annual financial statements and the Company's March 31, 2011 interim financial statements with consideration given to the IFRS transition disclosures included in Note 22 of the March 31, 2011 financial statements and Note 15 of the June 30, 2011 financial statements and the additional disclosure included therein.

Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The unaudited Interim Consolidated Balance Sheet as of June 30, 2011 indicates cash and cash equivalents of \$17,322,252, short-term investments of \$67,352,487, sales taxes, other receivables and prepaid expenses of \$2,946,799, the current portion of tax credits and mining duties receivable of \$1,829,315 and mineral exploration and evaluation assets (DSO Properties) held for sale of \$22,175,879 resulting in total current assets of \$111,626,732, an increase of \$69,618,850 from December 31, 2010. The long-term assets are comprised of long-term portion of tax credits and mining duties receivable of \$1,472,753, long-term investments in bonds of \$7,887,760, mineral exploration and evaluation assets of \$32,246,643, property and equipment of \$296,718 and advances on contracts of \$92,616. The total assets are \$153,623,222 which is an increase of \$80,650,406 from December 31, 2010.

The Company's only liabilities at June 30, 2011 are its trade and other payables of \$6,304,689, which are classified as current liabilities, an increase of \$1,123,452 from December 31, 2010. Equity attributable to shareholders of the Company is \$146,843,533, an increase by \$79,526,954 from December 31, 2010, and is comprised of share capital of \$170,108,084, contributed surplus of \$10,228,169 less the deficit of \$33,492,720. The non-controlling interest of \$475,000 remains unchanged from December 31, 2010, for a total equity of \$147,318,533.

Working capital at June 30, 2011 of \$105,322,043 is an increase of \$68,495,398 from the December 31, 2010 total of \$36,826,645.

The increase in working capital and equity is mainly due to the February 28, 2011, bought deal public offering (and associated exercise of Tata Steel's pre-emptive right to maintain its proportional interest) which provided the Company net proceeds of approximately \$82,000,000, minimally offset by the losses from operations and investment in the continuing exploration and

evaluation of mineral assets. These funds have been invested by the Company in cash and cash equivalents, short-term investments and long-term investments in provincial and Government of Canada treasury bills and bonds. NML used its cash and cash equivalents from December 31, 2010 to pay its trade and other payables, fund its operations and the continuing exploration and evaluation of its mineral assets. The Company will use its cash and cash equivalents and short term investments in order to fund its portion of the Taconite Feasibility Study, initiate the new drilling projects in the two 100% owned taconite anomalies located in the Millennium Iron Range, and pay future corporate operating expenses. During the second quarter, there was \$1,968,543 of capitalized mineral exploration and evaluation asset expenditures, net of Québec tax credits and mining duties. As at June 30, 2011, the deferred income tax assets, which arose as a result of applying the capital and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to uncertainty regarding their utilization.

For the three months ended June 30, 2011, the Company realized a net loss of \$2,808,553, or \$0.02 per share, compared to a net loss of \$877,651 or \$0.01 per share for the corresponding period in 2010. This loss represents operating expenses of \$3,058,397, (2010 - \$875,897) net of investment income of \$249,844 (2010 - \$4,736) and a loss on sale of long-term investments of Nil (2010 - \$6,490). The increase in operating expenses is mainly due to the \$1,844,716 (2010 - \$52,868) incurred in stock based compensation.

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

All costs associated with mineral properties, totaling \$54,422,522 as outlined in Note 6 to the June 30, 2011 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: DSO Properties \$22,175,879, LabMag Property \$20,830,193, KéMag Property \$10,095,758 and Other Properties \$1,320,692. The cost centers for these capitalized expenditures are: mineral licenses \$3,421,646 resource evaluation \$22,634,010, drilling \$21,528,210, environmental \$14,061,824, and amortization of property and equipment \$39,895. These expenditures are partially offset by tax credits and mining duties of \$7,263,063. The non-controlling interest of \$475,000 relates to the LabMag Property. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and evaluation work, the work programs and exploration results achieved by the Company. At June 30, 2011, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

ASSET HELD FOR SALE

The Company classifies the DSO Properties as an asset held for sale, as on September 13, 2010, Tata Steel exercised its option to acquire an 80% equity interest in the DSO Properties and will be paying the Company 80% of the Company's costs incurred to the closing date to advance the DSO Properties. All the DSO Properties are contemplated to be transferred to a new company owned 80% by Tata Steel and 20% by NML. Tata Steel will arrange funding of the capital costs of the DSO Project up to \$300 million and will commit to purchase, at world prices, 100% of the DSO iron ore production meeting certain quality specifications for the life of the mining operation.

The new company, TSMC, was incorporated on October 26, 2010, and Tata Steel and NML are in the process of completing the steps necessary to finalize the transfer of the DSO Properties, which is expected to be completed before August 31, 2011.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended June 30, 2011. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with IFRS (Canadian GAAP for periods prior to January 1, 2010) and expressed in Canadian dollars.

	June-11 (2)	Mar-11 (2)	Dec-10 (2)	Sept-10 (2)	Jun-10 (2)	Mar-10 (2)	Dec-09 (3)	Sept-09 (3)
Investment Income	249,844	85,030	52,228	18,893	4,736	4,233	28,049	12,500
Net Income (Loss)	(2,808,553)	(2,077,949)	(1,544,460)	(7,085,214)	(877,651)	(498,199)	181,780	(572,040)
Income (Loss) Per Share (1)	(0.02)	(0.02)	(0.01)	(0.05)	(0.01)	(0.00)	(0.00)	(0.00)

(1) The effect of the exercise of stock options and warrants would be anti-dilutive for the purposes of calculating the fully diluted earnings per share.

(2) IFRS Basis

(3) Canadian GAAP basis

SECOND QUARTER RESULTS

For the three-month period ended June 30, 2011, general and administrative expenses were \$3,058,397, compared to \$875,897 for the corresponding period in 2010. The most significant items affecting the second quarter's net loss is the stock based compensation of \$1,844,716 compared to \$52,868 for the three months in 2010. The increase in stock based compensation is due to the impact of the grant of options to directors, employees and consultants on April 1, 2011 and to the timing of the accounting of the grant of options to directors, employees and consultants that occurred on June 29, 2010, both of which impacted the second quarter of 2011, but for which there was only a minimal impact on the comparative 2010 period. Additional items affecting the first quarter's net loss were the investment income of \$249,844 compared to \$4,736 for the three months in 2010. The increase in investment income is due to an increase in investments held when compared to the comparative period in 2010. As a result, the Company's net loss for the first quarter ended June 30, 2011 totalled \$2,808,553 (\$0.02 per share) compared to a net loss of \$877,651 (\$0.01 per share) for the comparative period in 2010.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

The Company's IFRS accounting policies presented in Note 2 of the March 31, 2011 unaudited interim consolidated financial statements have been applied in preparing the financial statements for the reporting period ended June 30, 2011 and have been used throughout all periods presented. The Company has applied IFRS 1, First-time Adoption of IFRS, in preparing these financial statements.

The Company has provided a detailed explanation of the impact of this transition in Note 22 of the Company's March 31, 2011 financial statements and Note 15 of the June 30, 2011 financial statements. Note 15 of the June 30, 2011 financial statements includes reconciliation of the Company's consolidated statement of shareholder's equity from Canadian GAAP to IFRS as at June 30, 2010 and its comprehensive loss for the three months and six months ended June 30, 2010. An explanation of the impact of adopting IFRS identified in the reconciliations is also provided.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

The information is provided in Note 3 of the June 30, 2011, financial statements.

USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim consolidated financial statements in accordance with IFRS requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis.

Please refer to Note 3 of the March 31, 2011, financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

FINANCIAL INSTRUMENTS

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 16 of the March 31, 2011, financial statements.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 10 of the June 30, 2011, financial statements for an extended description of the Company's main financial risks and policies.

CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

The Company's working capital at June 30, 2011 increased from December 31, 2010 by \$68,495,398 to \$105,322,043 due to the cash and cash equivalents and short-term investments purchased during the period using the \$82,000,000 of net proceeds from the February 28, 2011 bought deal public offering (and associated exercise of Tata Steel's pre-emptive right to maintain its proportional interest). The working capital consists of cash and cash equivalents, short-term investments, sales taxes, other receivables and prepaid expenses, the current portion of tax credits and mining duties receivable and assets held for sale net of trade and other payables.

Capital Expenditures

There was \$149,937 in capital expenditures during the first six months of 2011 compared to \$176,867 in the corresponding period in 2010.

Capital Resources

At June 30, 2011, NML has paid up capital of \$170,108,084 (December 31, 2010 - \$88,435,402) representing 174,422,964 (December 31, 2010 - 148,752,273) common shares, capital stock to be issued of \$Nil (December 31, 2010 - \$203,813) and contributed surplus of \$10,228,169 (December 31, 2010 - \$6,590,582) that is partially offset by a deficit of \$33,492,720 (December 31, 2010 - \$27,913,218) resulting in total equity attributable to shareholders of the Company of \$146,843,533 (December 31, 2010 - \$67,316,579). In addition there is a non-controlling interest of \$475,000 (December 31, 2010 - \$475,000) resulting in total equity of \$147,318,533 (December 31, 2010 - \$67,791,579).

TRANSACTIONS WITH RELATED PARTIES

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

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

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

Included in the Company's Interim Consolidated Financial Statements were general and administration expenses of \$3,058,397 (2010 - \$875,897) for the three months ended June 30, 2011, comprised as follows: employee salaries and benefits \$497,149 (2010 - \$227,705), stock based compensation \$1,844,716 (2010 - \$52,868), professional fees \$301,618 (2010 - \$225,859), office and administration \$378,301 (2010 - \$265,659), office rent \$48,700 (2010 - \$48,450), market development \$247,261 (2010 - \$46,104), foreign exchange loss \$212 (2010 - \$3,462) and depreciation of property and equipment \$20,076 (2010 - \$5,790) which are reduced by expense recovery from TSMC of \$279,636 (2010 - Nil).

MARKET OUTLOOK

The World Steel Association released its April 2011 short range forecast ("SRO"); projecting a 5.9% increase in global steel demand in 2011 and further growth of 6.0% in 2012 to a record level of 1,441 million metric tons. Emerging and developing economies account for an increasing proportion of steel use. The SRO expects Chinese steel demand to grow by 5.0% in each of

2011 and 2012, and India to show robust growth of 13.3% and 14.3% in those years, respectively. NAFTA and EU steel producers are expected to register positive growth as they continue to recover from effects of the 2008/09 global financial crisis.

Despite concerns about the potentially negative economic impact of tightening credit conditions and power shortfalls in China, crude steel production there was strong at this year's mid-point and forecasters expect robust Chinese steel output through the second half of 2011 driven by a significant social housing program and development of the central and western provinces.

Iron ore prices as measured by The Steel Index's 62% Fe reference averaged US\$171.00 per dry metric ton in June, down by 4.0% from the May level, but showed signs of recovery at month's end as China's steel outlook firmed and buying activity increased after a period of de-stocking.

BUSINESS RISKS

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

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

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

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

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

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

Volatile market conditions for resource commodities in the recent past, including iron ore, after several years of improving prices has resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. An

extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations.

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

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

The market price of iron ore and other commodities is relatively volatile. The purchase of securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of the Company should not constitute a major part of an investor's portfolio.

In recent years securities markets have experienced extreme price and volume volatility. The market price of securities of many early stage companies have experienced fluctuations in price which may not necessarily be related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any market for the Company's shares will be subject to market trends generally and the value of the Company's shares on the TSX Venture Exchange may be affected by such volatility.

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

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

DISCLOSURE OF OUTSTANDING SHARE DATA

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

1. Share capital

(a) Authorized:

Unlimited number of common voting shares.

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

(b) Issued as of June 30, 2011: The Corporation has 174,422,964 common shares issued (\$170,108,084).

(c) Issued as of August 22, 2011: The Corporation has 175,741,464 common shares issued (\$171,686,487)

2. Options

The Corporation has adopted an incentive stock option plan whereby options may be granted from time to time to directors, officers, employees and consultants to the Corporation with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares.

As of August 22, 2011, there were 13,194,500 common shares reserved for issuance pursuant to the exercise of stock options (June 30, 2011 – 14,393,000) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
486,500	\$0.75	September 13, 2011
375,000	\$0.50	February 1, 2012
795,000	\$0.75	August 2, 2012

Number of Outstanding Options	Exercise Price	Expiry Date
250,000	\$0.65	November 13, 2012
1,290,000	\$0.83	January 30, 2013
250,000	\$1.44	March 25, 2013
100,000	\$1.65	April 30, 2013
70,000	\$1.75	June 1, 2013
1,957,500	\$0.37	January 20, 2014
33,000	\$0.65	October 8, 2014
24,500	\$0.59	December 4, 2014
33,000	\$0.88	February 2, 2015
3,790,000	\$0.90	June 30, 2015
36,000	\$0.87	August 31, 2015
42,000	\$3.52	February 8, 2016
3,315,000	\$3.36	April 1, 2016
175,000	\$3.16	April 29, 2016
52,000	\$2.48	May 16, 2016
48,000	\$2.48	July 18, 2016
72,000	\$2.65	July 27, 2016

3. Warrants

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

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com. Dean Journeaux, Eng., is the Qualified Person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Second Quarter Report.

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

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

(Unaudited)
(Expressed in Canadian Dollars)

	June 30, 2011	December 31, 2010
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	17,322,252	12,002,984
Short-term investments (Note 5)	67,352,487	3,674,699
Sales taxes, other receivables and prepaid expenses	2,946,799	1,045,687
Tax credits and mining duties receivable	1,829,315	3,223,842
Mineral exploration and evaluation assets held for sale (Note 6)	22,175,879	22,060,670
	<u>111,626,732</u>	<u>42,007,882</u>
Non-current assets		
Tax credits and mining duties receivable	1,472,753	198,136
Long-term investments (Note 5)	7,887,760	-
Advances on contracts	92,616	505,500
Property and equipment	296,718	186,933
Mineral exploration and evaluation assets (Note 6)	32,246,643	30,074,365
	<u>153,623,222</u>	<u>72,972,816</u>
Total assets		
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables	6,304,689	5,181,237
EQUITY		
Share capital (Note 7)	170,108,084	88,435,402
Share capital to be issued (Note 7)	-	203,813
Contributed surplus	10,228,169	6,590,582
Deficit	(33,492,720)	(27,913,218)
	<u>146,843,533</u>	<u>67,316,579</u>
Equity attributable to shareholders of the Company		
Non-controlling interest	475,000	475,000
	<u>147,318,533</u>	<u>67,791,579</u>
	<u>153,623,222</u>	<u>72,972,816</u>
Total liabilities and equity		

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

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

/S/ Dean Journeaux
Director

/S/ Pierre Seccareccia
Director

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

(Unaudited)
(Expressed in Canadian Dollars)

	3 months ended June 30		6 months ended June 30	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue	-	-	-	-
Expenses				
General and administrative (Note 8)	3,058,397	875,897	6,514,376	1,546,330
Loss before other items and income taxes	(3,058,397)	(875,897)	(6,514,376)	(1,546,330)
Other items				
Other income (Note 6)	-	-	600,000	-
Investment income	249,844	4,736	334,874	8,969
Loss on sale of long-term investments	-	(6,490)	-	(6,490)
Change in fair value of long-term investments	-	-	-	168,000
	249,844	(1,754)	934,874	170,479
Net loss and comprehensive loss	(2,808,553)	(877,651)	(5,579,502)	(1,375,851)
Attributable to:				
Non-controlling interest	-	-	-	-
Shareholders of the Company	(2,808,553)	(877,651)	(5,579,502)	(1,375,851)
Net loss and comprehensive loss	(2,808,553)	(877,651)	(5,579,502)	(1,375,851)
Loss per share - basic and diluted	(0.02)	(0.01)	(0.03)	(0.01)
Weighted average number of shares outstanding	174,229,722	137,106,516	165,881,217	135,058,927

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

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

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(Unaudited)

Six months ended June 30, 2011 and 2010

(Expressed in Canadian Dollars)

	Share Capital		Share Capital to be Issued \$	Contributed Surplus \$	Deficit \$	Total Attributable to Shareholders of the Company \$	Non Controlling Interest \$	Total Equity \$
	Number of Shares Issued and Fully Paid	Amount \$						
Balance at January 1, 2010	132,901,559	67,539,603	-	5,831,822	(17,907,694)	55,463,731	475,000	55,938,731
Loss and comprehensive loss for the period	-	-	-	-	(1,375,851)	(1,375,851)	-	(1,375,851)
Issued for cash	14,285,714	20,000,000	-	-	-	20,000,000	-	20,000,000
Share-based remuneration								
- employees and directors	-	-	-	89,048	-	89,048	-	89,048
- consultants	-	-	-	27,653	-	27,653	-	27,653
Share capital to be issued in lieu of cash								
for mineral licences	-	-	490,000	-	-	490,000	-	490,000
Exercise of stock options	197,500	142,975	-	(56,400)	-	86,575	-	86,575
Share issue costs	-	(610,626)	-	-	-	(610,626)	-	(610,626)
Balance at June 30, 2010	147,384,773	87,071,952	490,000	5,892,123	(19,283,545)	74,170,530	475,000	74,645,530
Balance at January 1, 2011	148,752,273	88,435,402	203,813	6,590,582	(27,913,218)	67,316,579	475,000	67,791,579
Loss and comprehensive loss for the period	-	-	-	-	(5,579,502)	(5,579,502)	-	(5,579,502)
Share-based remuneration								
- employees and directors	-	-	-	2,509,389	-	2,509,389	-	2,509,389
- consultants	-	-	-	181,054	-	181,054	-	181,054
Share capital issued	24,811,385	86,839,847	-	-	-	86,839,847	-	86,839,847
Share capital issued in lieu of cash								
- for legal expenses	212,306	203,813	(203,813)	-	-	-	-	-
Exercise of stock options	647,000	684,885	-	(267,255)	-	417,630	-	417,630
Share issue costs	-	(6,055,863)	-	1,214,399	-	(4,841,464)	-	(4,841,464)
Balance at June 30, 2011	174,422,964	170,108,084	-	10,228,169	(33,492,720)	146,843,533	475,000	147,318,533

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

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

(Unaudited)

Six months ended June 30, 2011 and 2010

(Expressed in Canadian Dollars)

	2011	2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	(5,579,502)	(1,375,851)
Adjustments for:		
Share-based remuneration		
- Employees and directors	2,509,389	89,048
- Consultants	181,054	27,653
Depreciation of property and equipment	40,152	11,683
Interest accrued on short-term investments	(135,192)	-
Interest accrued on long-term investments	(98,940)	-
Loss on sale of long-term investments	-	6,490
Change in fair value of long-term investments	-	(168,000)
	<u>2,496,463</u>	<u>(33,126)</u>
Net changes in working capital items (Note 11)	(1,170,176)	130,543
Cash flows used by operating activities	<u>(4,253,215)</u>	<u>(1,278,434)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net purchases of short term treasury bills and term deposits	(51,674,176)	(19,498,941)
Purchase of Government of Canada bonds with maturities over one year	(19,657,240)	-
Proceeds on sale and redemption of long-term investments	-	2,842,029
Advances on contracts	(599,627)	(137,476)
Acquisition of property and equipment	(149,937)	(176,867)
Mining duties and tax credits received	1,394,527	197,448
Additions to mineral exploration and evaluation assets	(2,157,078)	(4,518,210)
Cash flows used by investing activities	<u>(72,843,531)</u>	<u>(21,292,017)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common shares	87,257,478	20,086,575
Share issue costs	(4,841,464)	(586,135)
Cash flows provided by financing activities	<u>82,416,014</u>	<u>19,500,440</u>
Net increase (decrease) in cash and cash equivalents	<u>5,319,268</u>	<u>(3,070,011)</u>
Cash and cash equivalents, beginning of period	<u>12,002,984</u>	<u>9,650,874</u>
Cash and cash equivalents, end of period	<u><u>17,322,252</u></u>	<u><u>6,580,863</u></u>

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

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2011

(Expressed in Canadian Dollars)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

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

The address of the Company’s registered and records office and its principal place of business is 1303 Greene Avenue, Westmount, Quebec, H3Z 2A7.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

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

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

Basis of presentation

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

Given that the Company is in the process of transferring a mineral property to an entity that it will not control, and given that it has not yet determined whether its other mineral properties contain mineral deposits that are economically recoverable, and given that it is consequently not possible for it to reliably project cash inflows from operations, the Company’s ability to continue as a going concern is largely dependent upon its ability to raise additional financing to further explore its mineral properties. Even if the Company has been successful in the past in doing so, there is no assurance that it will manage to obtain additional financing in the future.

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

(Unaudited)

June 30, 2011

(Expressed in Canadian Dollars)

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

3 - STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

The standards issued but not yet effective are as follows:

IFRS 7 Financial Instruments – Disclosures

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

IFRS 9 Financial Instruments classification and measurement

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

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

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the consolidation guidance in IAS 27, *Consolidated and Separate Financial Statements*, and Standing Interpretations Committee ("SIC") Interpretation 12, – *Consolidation - Special Purpose Entities*, by introducing a single consolidation model for all entities based on control, irrespective of the nature of the investee. Under IFRS 10, control is based on whether an investor has: 1) power over the investee; 2) exposure, or rights, to variable returns from its involvement with the investee; and 3) the ability to use its power over the investee to affect the amount of the returns.

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

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(Unaudited)
June 30, 2011
(Expressed in Canadian Dollars)

3 - STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 11 Joint Arrangements

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

IFRS 12 Disclosures of Involvement with Other Entities

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

IAS 27 Separate Financial Statements

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

IAS 28 Investments in Associates and Joint Ventures

IAS 28 is amended to conform to changes resulting from the issuance of IFRS 10, IFRS 11 and IFRS 12.

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

4 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	June 30, 2011 \$	December 31, 2010 \$
Cash in bank	9,323,183	1,849,238
Short-term investments	7,999,069	10,153,746
	17,322,252	12,002,984

Short-term investments at June 30, 2011 consisted of treasury bills maturing in July and August 2011 and bearing interest at 0.87% and 0.89% respectively.

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

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

(Unaudited)
 June 30, 2011
 (Expressed in Canadian Dollars)

5 - INVESTMENTS

At June 30, 2011, investments include:

Security	Carrying Value \$	Maturity	Interest Rate
GIC's	173,036	Between July 2011 and June 2012	0.75%
Treasury Bills	43,410,644	Between September and December 2011	Between 0.94% and 1.22%
Government of Canada Bonds	<u>31,656,567</u>	Between March and September 2012	Between 1.26% and 1.32%
	75,240,247		
Short-term investments	<u>67,352,487</u>		
Long-term investments	<u><u>7,887,760</u></u>		

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

The fair value at June 30, 2011, of short-term investments is \$67,374,748 (December 31, 2010 – approximate their carrying value) and of long-term investments in bonds is \$7,868,784 (December 31, 2010 - Nil).

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

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(Unaudited)
 June 30, 2011
 (Expressed in Canadian Dollars)

6 – MINERAL EXPLORATION AND EVALUATION ASSETS

	Direct Shipping Ore Holdings ("DSO") Properties \$	LabMag Property \$	KéMag Property \$	Other Properties \$	Balance as at June 30 2011 \$	Balance as at Dec. 31 2010 \$
Balance, at December 31, 2010	22,060,670	20,515,979	8,392,819	1,165,567	-	-
Mineral licenses	(1,400)	700	8,966	76,882	3,421,646	3,336,498
Drilling Resource evaluation	(4,126)	31,438	2,663,296	51,037	21,528,210	18,786,565
Environmental Amortization of property and equipment	79,455	161,573	214,624	35,333	22,634,010	22,143,025
	51,955	120,503	71,867	-	14,061,824	13,817,499
	-	-	-	-	39,895	39,895
	127,284	313,514	2,949,787	86,370	58,263,939	54,786,984
Tax credits and mining duties	(10,675)	-	(1,255,814)	(8,127)	(7,263,063)	(5,988,447)
Balance, at June 30, 2011	22,175,879	20,830,193	10,095,758	1,320,692	54,422,522	52,135,035
Mineral exploration and evaluation assets held for sale – DSO Properties					22,175,879	22,060,670
Mineral exploration and evaluation assets not held for sale					32,246,643	30,074,365

Overview

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

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

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6 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

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

DSO Properties – Asset held for sale:

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

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

On September 13, 2010, Tata Steel exercised this option and NML and Tata Steel are in the process of completing the steps necessary to finalize the transfer of the DSO Properties and expect the closing date to be before August 31, 2011. The new company, Tata Steel Minerals Canada Ltd. ("TSMC"), was incorporated on October 26, 2010. At that time, NML acquired a 19% interest for \$19 and intends to transfer the DSO properties to TSMC in return for an additional 1% interest.

During the six-month period ending June 30, 2011, NML incurred, in connection with Tata Steel's exercise of their option, \$84,000 (2010 - NIL) in professional fees. For the three-month period ending June 30, 2011, NML incurred \$29,000 (2010 – NIL) in professional fees.

LabMag Property:

The LabMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the town of Schefferville, Québec. A Pre-Feasibility Study completed in 2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a pipeline to a 15 million ton per year pellet plant located at Emeril, near Wabush Township. 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.

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6 – MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

KéMag Property:

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

Other Properties:

The remaining claims include the Lac Ritchie and Perault Lake taconite exploration targets as well as other holdings of magnetic taconite and dolomite and the site of the potential Emeril plant.

Taconite Binding Heads of Agreement

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

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

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

In connection with the Binding HOA, NML incurred during the six month period ending June 30, 2011, \$ 1,598,000 (2010 – NIL) in professional fees.

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7 - EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares

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

NEW ISSUES

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

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

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

SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive share-based compensation plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the exercise price permitted by the any stock exchange on which the Company's common shares are listed. The vesting period is determined by the Board of Directors and the maximum term of the options granted is five years. Some of the options only vest if certain performance criteria are met.

The share-based payments expense during the six-month period ended June 30, 2011 was \$2,690,443 (\$116,701 in 2010) and is included in general and administrative expenses. For the three-month period ended June 30, 2011, the share based payment expense was \$1,844,716 (\$52,868 in 2010)

During the six month period ended June 30, 2011 3,584,000 options were granted (3,983,000 for 2010).

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7 – EQUITY (continued)

The weighted average fair value of options granted during the six-month period ended June 30, 2011 was \$2.13 per share (\$0.63 per share in 2010). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following weighted-average assumptions were used:

	June 30, 2011 <u>(6 months)</u>	June 30, 2010 <u>(6 months)</u>
Exercise price at date of grant	\$3.34	\$0.90
Share price at date of grant	\$3.34	\$0.90
Risk-free interest rate	1.83%	2.46%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	78.61%	89.84%
Dividend yield	Nil	Nil

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

Agents' warrants

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

	Number of outstanding warrants	June 30, 2011 weighted average exercise price \$
Balance, beginning of period	-	-
Granted	<u>1,084,285</u>	<u>3.50</u>
Balance, end of period	<u>1,084,285</u>	<u>3.50</u>
Warrants exercisable, end of period	<u>1,084,285</u>	<u>3.50</u>

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

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

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8 – INFORMATION INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months ended June 30		6 months ended June 30	
	2011 \$	2010 \$	2011 \$	2010 \$
Employee benefit expense				
Wages, salaries and other short-term benefits	497,149	227,705	1,058,818	389,128
Stock-based payments	1,755,561	41,014	2,509,389	89,048
Employee benefit expense	<u>2,252,710</u>	<u>268,719</u>	<u>3,568,207</u>	<u>478,176</u>
Other elements of expenses				
Depreciation of plant and equipment	20,076	5,790	40,152	11,683

9 - INCOME TAXES

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

10 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

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

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

Exchange risk

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

On June 30, 2011, the Company had \$3,170,978 USD, \$3,058,408 CAD (\$3,170,104 USD, \$3,152,985 CAD at December 31, 2010) in cash and cash equivalents which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

At June 30, 2011, the Company had \$3,169,696 USD, \$3,057,171 CAD (\$3,209,365 USD, \$3,192,250 CAD at December 31, 2010) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

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

The Company purchased US dollars when they became aware of the USD liability owing to an investment banker related to the exercise of the Tata Steel DSO option. The Company was uncertain as to the timing of the payment of this liability and purchased the US dollars to hedge this payable. As a result of holding almost equivalent amounts of USD and USD payables, a \$0.01 increase or decrease in the USD/CAD exchange rate would not have a material impact on net loss or equity at June 30, 2011 or December 31, 2010.

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

Interest rate risk

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

Liquidity risk

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

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

Third party credit risk

The Company manages third party credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents, short-term and long-term investments are held through two Canadian chartered banks with high quality external credit ratings, in government of Canada and three provinces' treasury bills and government of Canada bonds and management believes the risk of loss to be remote.

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

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11 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	June 30, 2011 \$	June 30, 2010 \$
	<u> </u>	<u> </u>
Other receivables	(1,901,112)	(55,213)
Trade and other payables	<u>730,936</u>	<u>185,756</u>
	<u>1,170,176</u>	<u>130,543</u>

The Company received during the six-month period interest of \$104,216 (June 30, 2010 - \$8,969).

Included in trade and other payables is an amount of \$1,510,003 (June 30, 2010 - \$1,805,111) pertaining to additions to mineral exploration and evaluation assets. Included in trade and other payables is an amount of \$Nil (\$39,043 at June 30, 2010) pertaining to share issue costs. Included in the cash flows used by advances on contracts is \$1,012,511 (June 30, 2010 - \$36,582) pertaining to mineral exploration and evaluation assets.

12 - RELATED PARTY TRANSACTIONS

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

Transactions with other related parties

Trading transactions

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

Related Party	Nature of relationship	Nature of transaction
1301738 Ontario Inc.	Controlled by an executive officer and director of the Company	Consulting and management
Davis LLP	Partnership in which a director is a partner	Legal services
Roll Harris & Associés	Partnership in which an executive officer is a partner	Consulting
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting
TSMC	Company is 19% shareholder	Advances

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12 - RELATED PARTY TRANSACTIONS (continued)

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

	Note	3 months ended June 30		6 months ended June 30	
		2011	2010	2011	2010
		\$	\$	\$	\$
Consolidated Balance Sheet					
Mineral exploration and evaluation assets	(i)	4,045	131,815	73,291	173,628
Share Issue Costs		832	39,043	138,367	39,043
Consolidated Loss					
General and administrative expenses	(i)	251,080	181,631	601,874	335,395

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

Amounts due to and from related parties are unsecured, non-interest bearing and due on demand. Other receivable related to advances to TSMC at June 30, 2011 was \$2,550,718 (June 30, 2010 - Nil). Accounts payable related to the above transactions at June 30, 2011 were \$258,194 (June 30, 2010 - \$370,257). These amounts have not been discounted as the time-value of money is not material.

Transactions with key management personnel

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

Key management personnel remuneration is comprised of the following:

	Note	3 months ended June 30		6 months ended June 30	
		2011	2010	2011	2010
		\$	\$	\$	\$
Salaries and director's fees	(i), (iii)	540,900	650,709	1,205,298	988,555
Share-based payments	(ii),(iv)	4,239,000	1,495,663	4,239,000	1,499,400

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12 - RELATED PARTY TRANSACTIONS (continued)

- (i) Salaries and directors' fees include consulting and management fees disclosed above.
- (ii) Share-based payments are the fair value of options granted to key management personnel during the period.
- (iii) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the periods ended June 30, 2011 and June 30, 2010.
- (iv) During the six-months ended June 30, 2011, key management personnel exercised 325,000 share options (2010 – NIL) granted in the share-based compensation plan for a total of \$243,750.

13 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

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

14 - COMMITMENTS AND CONTINGENCY

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

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

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14 - COMMITMENTS AND CONTINGENCY (continued)

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

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to \$2,593,000 expiring in June 2016.

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

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

	Operating Leases \$	Consulting Agreements \$	Total \$
Up to 1 year	338,000	97,000	435,000
1 to 5 years	2,055,000	15,000	2,070,000
Over 5 years	88,000	-	88,000
	<u>2,481,000</u>	<u>112,000</u>	<u>2,593,000</u>

15 – FIRST-TIME ADOPTION OF IFRS

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

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

First-time adoption exemptions applied

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

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15 – FIRST-TIME ADOPTION OF IFRS (continued)

Reconciliations and presentation differences

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

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

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

	Notes	Share Capital \$	Share Capital to be Issued	Contributed Surplus \$	Deficit \$	Non- Controlling Interest \$	Total \$
As reported under Canadian GAAP – June 30, 2010		84,391,424	490,000	5,644,037	(15,236,466)	475,000	75,763,995
Effect of flow-through shares under IFRS	a	2,680,528	-	-	(2,680,528)	-	-
Deferred income tax reversal on purchase of mining claims through a tax free rollover	b	-	-	-	(843,750)	-	(843,750)
Share-based payments	c	-	-	248,086	(248,086)	-	-
Write-off of mineral exploration and evaluation assets incurred prior to purchase of LabMag Property claims	d	-	-	-	(274,715)	-	(274,715)
As reported under IFRS – June 30, 2010		87,071,952	490,000	5,892,123	(19,283,545)	475,000	74,645,530

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15 – FIRST-TIME ADOPTION OF IFRS (continued)

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

Notes	Three months ended June 30, 2010 \$	Six months ended June 30, 2010 \$
Loss and comprehensive loss under Canadian GAAP	(674,159)	(1,256,548)
Deferred income tax reversal on purchase of mining claims through a tax-free rollover	b (150,624)	(311,001)
Share-based payments	c (52,868)	191,698
Loss and comprehensive loss under IFRS	(877,651)	(1,375,851)

a) Flow-through shares

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

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

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

b) Initial recognition exemption of deferred income taxes

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

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

New Millennium Iron Corp.
(Formerly New Millennium Capital Corp.)
Notes to Interim Consolidated Financial Statements

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(Unaudited)

June 30, 2011

(Expressed in Canadian Dollars)

15 – FIRST-TIME ADOPTION OF IFRS (continued)

c) Share-based payments

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

d) Pre-claim costs

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