



NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Financial Statements

(Unaudited and unreviewed by the Company's Independent Auditors)

**Three-month and nine-month periods ended
September 30, 2019 and 2018**

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Financial Statements

Three-month and nine-month periods ended September 30, 2019 and 2018

Condensed Interim Consolidated Financial Statements

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NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Financial Position

As at September 30, 2019 and December 31, 2018

(in Canadian dollars)

	Note	September 30 2019	December 31 2018
		\$	\$
Assets			
Current assets:			
Cash	5	6,807,652	6,997,065
Marketable securities	6	7,086,155	9,411,009
Sales tax and other receivables		57,564	47,819
Prepaid expenses		23,497	10,780
Total current assets		13,974,868	16,466,673
Non-current assets:			
Tax credits and mining duties receivable	8	428,384	428,384
Long-term investment	10	4,230,000	9,585,000
Property and equipment		343,371	343,371
Total non-current assets		5,001,755	10,356,755
Total assets		18,976,623	26,823,428
Liabilities and Equity			
Current liabilities:			
Trade and other payables	11	193,131	199,100
Total current liabilities		193,131	199,100
Non-current liabilities:			
Trade and other payables	11	716,527	716,527
Mining duties payable	8	88,441	88,441
Total non-current liabilities		804,968	804,968
Total liabilities		998,099	1,004,068
Equity:			
Share capital	12	177,584,512	177,584,512
Contributed surplus		22,432,336	22,432,336
Deficit		(178,336,354)	(173,382,039)
Accumulated other comprehensive loss		(3,940,321)	(1,053,800)
Total equity attributable to owners of the parent company		17,740,173	25,581,009
Non-controlling interest		238,351	238,351
Total equity		17,978,524	25,819,360
Total liabilities and equity		18,976,623	26,823,428

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on November 6 2019.

(S) Mario Caron
Director

(S) Dean Journeaux
Director

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

	Note	Three-month period ended		Nine-month period ended	
		September 30 2019	September 30 2018	September 30 2019	September 30 2018
		\$	\$	\$	\$
Expenses:					
General and administrative expenses	14	201,559	210,623	854,393	724,314
Mineral exploration and evaluation	13	-	(58,231)	27,885	(67,339)
Reversal of impairment of other assets		(29,529)	(85,196)	(29,529)	(85,196)
Change in fair value of long-term investment	10	5,918,000	148,000	5,355,000	634,000
		6,090,030	215,196	6,207,749	1,205,779
Other items:					
Investment income		261,909	211,323	762,232	602,728
Finance expense		(1,201)	-	(3,782)	-
Change in fair value of marketable securities	6	32,552	(315,437)	494,984	(248,345)
		293,260	(104,114)	1,253,434	354,383
Net loss		(5,796,770)	(319,310)	(4,954,315)	(851,396)
Other comprehensive (loss) income:					
Change in fair value of fixed rate investments	6	(359,771)	(575,500)	(2,886,521)	398,800
Other comprehensive (loss) income net of tax		(359,771)	(575,500)	(2,886,521)	398,800
Total comprehensive loss		(6,156,541)	(894,810)	(7,840,836)	(452,596)
Net loss attributable to:					
Shareholders of New Millennium Iron Corp.		(5,796,770)	(319,310)	(4,954,315)	(851,396)
Non-controlling interest		-	-	-	-
		(5,796,770)	(319,310)	(4,954,315)	(851,396)
Other comprehensive (loss) income attributable to:					
Shareholders of New Millennium Iron Corp.		(359,771)	(575,500)	(2,886,521)	398,800
Non-controlling interest		-	-	-	-
		(359,771)	(575,500)	(2,886,521)	398,800
Total comprehensive loss attributable to:					
Shareholders of New Millennium Iron Corp.		(6,156,541)	(894,810)	(7,840,836)	(452,596)
Non-controlling interest		-	-	-	-
		(6,156,541)	(894,810)	(7,840,836)	(452,596)
Weighted average number of common shares outstanding		181,054,146	181,054,146	181,054,146	181,054,146
Basic and diluted loss per share:		(0.03)	(0.00)	(0.03)	(0.00)

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

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Changes in Equity

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit	Accumulated other comprehensive income (loss)	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2018		181,054,146	177,584,512	22,432,336	(173,382,039)	(1,053,800)	25,581,009	238,351	25,819,360
Net income and comprehensive loss for the period					(4,954,315)	(2,886,521)	(7,840,836)	-	(7,840,836)
Balance as at September 30, 2019		181,054,146	177,584,512	22,432,336	(178,336,354)	(3,940,321)	17,740,173	238,351	17,978,524

	Note	Number of shares outstanding	Share capital	Contributed surplus	Deficit (restated) ⁽¹⁾	Accumulated other comprehensive income (loss) (restated) ⁽¹⁾	Total attributable to the owners of the parent company	Non-controlling interest	Total equity
			\$	\$	\$	\$	\$	\$	\$
Balance as at December 31, 2017		181,054,146	177,584,512	22,432,336	(171,686,027)	-	28,330,821	238,351	28,569,172
IFRS 9 transition adjustment ⁽¹⁾	3.2				(283,300)	283,300	-	-	-
IFRS 9 transition adjustment ⁽¹⁾	3.2				(1,712,595)		(1,712,595)	-	(1,712,595)
Adjusted balance as at December 31, 2017		181,054,146	177,584,512	22,432,336	(173,681,922)	283,300	26,618,226	238,351	26,856,577
Net loss and comprehensive income for the period					(851,396)	398,800	(452,596)	-	(452,596)
Balance as at September 30, 2018		181,054,146	177,584,512	22,432,336	(174,533,318)	682,100	26,165,630	238,351	26,403,981

⁽¹⁾ See Note 3

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

NEW MILLENNIUM IRON CORP.

Condensed Interim Consolidated Statements of Cash Flows

Nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

		Nine-month period ended	
	Note	September 30 2019	September 30 2018
		\$	\$
Operating activities:			
Net loss		(4,954,315)	(851,396)
Adjustments for:			
Investment income		(762,232)	(602,728)
Change in fair value of marketable securities	6	(494,984)	248,345
Increase in due from Tata Steel		-	(58,232)
Tax credits and mining duties recognized		-	(4,186)
Change in fair value of long-term investment	10	5,355,000	634,000
Operating activities before changes in working capital items		(856,531)	(634,197)
Change in sales taxes and other receivables		(9,745)	23,751
Change in prepaid expenses		(12,717)	-
Change in trade and other payables		(5,969)	(67,915)
Change in working capital items		(28,431)	(44,164)
Cash flows used for operating activities		(884,962)	(678,361)
Financing activity:			
Increase in long-term trade and other payables		-	93,324
Cash flows from financing activity		-	93,324
Investing activities:			
Redemption of marketable securities		512,050	5,519,574
Purchase of marketable securities		(508,750)	(3,579,228)
Net interest received		550,341	501,698
Dividends received		141,908	68,403
Tax credits and mining duties received		-	7,522
Cash flows from investing activities		695,549	2,517,969
Net change in cash		(189,413)	1,932,932
Cash, beginning of period		6,997,065	986,920
Cash, end of period		6,807,652	2,919,852

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

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

1. Reporting entity:

The current principal activities of New Millennium Iron Corp. ("the Parent Company") and its subsidiaries ("the Company", "New Millennium" or "NML") are the exploration, evaluation and development of mineral properties. The Parent Company was incorporated pursuant to the provisions of the *Alberta Business Corporations Act* on August 8, 2003.

New Millennium is a company domiciled in Canada. New Millennium is a public company listed on the Toronto Stock Exchange ("TSX") and its trading symbol is "NML".

The address of the Company's executive office is 1000 Sherbrooke Street West, Suite 1120, Montréal, Québec, H3A 3G4 and its head, registered and records office is 520 3rd Avenue SW, Suite 1900, Calgary, Alberta, T2P 0R3 and its web site is www.nmliron.com.

2. Basis of preparation:

2.1 Statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board ("IASB") in accordance with IAS 34, Interim Financial Reporting.

2.2 Basis of presentation:

The 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.

Certain information, in particular the accompanying notes, normally included in the audited annual consolidated financial statements prepared in accordance with IFRS has been omitted or condensed. Accordingly, these unaudited condensed interim consolidated financial statements do not include all the information required for full annual financial statements, and, therefore, should be read in conjunction with the audited annual consolidated financial statements of the Company and the notes thereto for the year ended December 31, 2018.

2.3 Basis of measurement:

The condensed interim consolidated financial statements have been prepared on the historical cost basis except for where IFRS requires recognition at fair value.

2.4 Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars (\$), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

2.5 Basis of consolidation:

These consolidated financial statements include the accounts of the parent and the entities controlled by the parent and its subsidiaries which include the following entities:

Subsidiary	Principal activity	Jurisdiction of Incorporation	% of Ownership
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of mineral properties	Canada	80%

In accordance with the LLP Partnership agreement between the Company, the Naskapi/LabMag Trust ("NNK Trust") and GP, the Company is responsible for providing and arranging for all capital in excess of the initial contributions of each partner and for the financing of all operating costs for exploration until commercial production commences.

The parent controls a subsidiary if it is exposed or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All significant intercompany transactions and balances are eliminated upon consolidation, including unrealized gains and losses on transactions between NML entities. Amounts reported in the financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. All subsidiaries have annual reporting dates of December 31.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition or up to the effective date of disposal, as applicable. There were no such activities in the period.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

2. Basis of preparation (continued):

2.5 Basis of consolidation (continued):

Where the Company controls a subsidiary whose equity (or a portion thereof) is not attributable directly or indirectly to the Company, the Company records a non-controlling interest equal to its original cost plus its attributable share of changes in equity since the date of acquisition. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity of the shareholders of the parent Company. Consequently, the Company consolidates 100% of the assets, liabilities and losses of LLP and reflects the contribution of the Partner holding the 20% interest in the Partnership as a non-controlling interest.

2.6 Use of estimates and judgements:

The preparation of the consolidated financial statements requires management to undertake several 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. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed in Note 2 of the Company's 2018 annual financial statements and are still applicable for the three-month and nine-month periods ended September 30, 2019.

3. Change in accounting policy:

3.1 IFRS 9 transition adjustment:

Under IFRS 9, an investment in an equity instrument that was previously accounted for at cost and that does not have a quoted price in an active market for an identical instrument shall be measured at fair value at the date of the initial application. Consequently, the Company has determined the fair value of its long-term investment in TSMC (see Note 10) to be \$8,436,000 as at January 1, 2018. The \$1,712,595 difference between the previous carrying value and the fair value has been recognized in the opening deficit of the previous period as at December 31, 2017.

The Company determined upon preparing its year and annual statements that the fair value of its investment in TSMC was \$8,436,000 as at January 1, 2018, as opposed to the value of \$9,050,000 determined in the financial statements for the nine-month period ended September 30, 2018. The initial adjustment of \$1,098,595 (value as at December 31, 2017 of \$10,148,595 less value initially estimated at \$9,050,000) was adjusted based on the estimated value of \$8,436,000 resulting in a further adjustment of \$ 614,000.

Furthermore, the fixed rate investments were reclassified from fair value through profit or loss to fair value through other comprehensive income or loss. On January 1, 2018, the previously recognized gain on change in fair value of \$283,300 was reclassified from deficit to accumulated other comprehensive income on the statement of changes in equity as opposed to any gain adjustments recognized for the nine-month period ended September 30, 2018.

4. Significant accounting policies:

These condensed interim consolidated financial statements have been prepared following the same accounting policies used in the audited financial statements for the year ended December 31, 2018.

4.1 Adoption of new accounting standards:

The following new standard has been applied in preparing the condensed interim financial statements as at September 30, 2019.

(i) IFRS 16 Leases:

On January 1, 2019, the Company adopted IFRS 16 which replaces IAS 17 Leases and related interpretations. The core principle is that a lessee recognizes assets and liabilities for all leases with a lease term of more than 12 months. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. The new standard is intended to provide a faithful representation of leasing transactions, in particular those that do not currently require the lessees to recognize an asset and liability arising from an operating lease. IFRS 16 is effective for annual periods beginning on January 1, 2019, with early adoption permitted for entities that would also apply IFRS 15 Revenue from Contracts with Customers. The adoption of this new standard did not have significant impact on the Company's financial statements.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

4. Significant accounting policies (continued):

4.1 Adoption of new accounting standards (continued):

(ii) IFRIC 23 Uncertainty Over Income Tax Treatments:

On January 1, 2019, the Company adopted IFRIC 23. Issued by the IASB in June 2017 and provides guidance as to when it is appropriate to recognize a current tax asset when the taxation authority requires an entity to make an immediate payment related to an amount in dispute. This interpretation applies for annual reporting periods beginning on or after January 1, 2019. The adoption of this new standard did not have significant impact on the Company's financial statements.

4.2 New standards and interpretations that have not yet been adopted:

Since the issuance of the Company's audited consolidated financial statements for the year ended December 31, 2018, the IASB and IFRIC have not issued additional new and revised standards and interpretations which are applicable to the Company.

5. Cash:

	September 30 2019	December 31 2018
Cash	6,807,652	6,997,065
	6,807,652	6,997,065

6. Marketable securities:

As at September 30, 2019, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
GIC	\$ 15,000	\$ 15,000	March 2019	0.90%
Fortress Global Enterprises unsecured notes	70,227	675,000	December 2021	9.75%
Sherritt International Corporation senior unsecured notes	3,343,426	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	330,650			
BCE Inc. (BCE/TSX)	640,800			
CI Financial Corp. (CIX/TSX)	434,925			
Diversified Royalty Corp. (DIV/TSX)	240,550			
Evertz Technologies Ltd. (ET/TSX)	266,080			
Seaspan Corp. (SSW/US)	633,555			
General Motors Co. (GM/US)	545,859			
GlaxoSmithkline PLC (GSK/US)	565,083			
	7,086,155			

During the nine-month period ended September 30, 2019, the Company purchased the Fortress Global Enterprises ("Fortress") notes for \$508,750 plus accrued interest of \$18,360.

As at September 30, 2019, the Sherritt International Corporation ("Sherritt") notes included accrued interest of \$207,697 and the Fortress notes included accrued interest of \$16,227.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

6. Marketable securities (continued):

As at September 30, 2019, due to the fluctuations in the market value of the "Sherritt" and "Fortress" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$2,886,521.

There was no acquisition of shares during the nine-month period ended September 30, 2019.

The proceeds of the shares sold during the nine-month period ended September 30, 2019 is detailed in the following table:

Hydro One Ltd.	512,050
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As at September 30, 2019, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities of \$494,984.

As at December 31, 2018, marketable securities include:

Security	Carrying value	Face value	Maturity	Interest Rate on Face Value (per annum)
	\$	\$		
GIC	15,000	15,000	March 2019	0.90%
Sherritt International Corporation senior unsecured notes	5,721,440	8,610,000	Between November 2021 and October 2025	7.50% to 8.00%
Shares				
AltaGas Ltd. (ALA/TSX)	236,300			
BCE Inc. (BCE/TSX)	539,300			
CI Financial Corp. (CIX/TSX)	388,800			
Diversified Royalty Corp. (DIV/TSX)	240,550			
Evertz Technologies Ltd. (ET/TSX)	259,040			
Hydro One Ltd. (H/TSX)	506,250			
Seaspan Corp. (SSW/US)	480,510			
General Motors Co. (GM/US)	502,252			
GlaxoSmithkline PLC (GSK/US)	521,567			
	9,411,009			

The Sherritt International Corporation ("Sherritt") notes included accrued interest of \$153,941.

As at December 31, 2018, due to the fluctuations in the market value of the "Sherritt" notes, the Company has recorded in other comprehensive loss a change in fair value of fixed rate investments in the amount of \$1,337,100.

The acquisition cost of the shares purchased during 2018 is detailed in the following table:

BCE Inc.	560,000	Hydro One Ltd.	489,715
CI Financial Corp.	506,902	Seaspan Corp.	514,032
Diversified Royalty Corp.	242,165	General Motors Co.	488,435
Evertz Technologies Ltd.	241,908	GlaxoSmithkline PLC	509,702

As at December 31, 2018, due to the fluctuations in the market value of the shares, the Company has recorded in comprehensive income a change in fair value of marketable securities in the amount of \$364,830.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

7. Due from Tata Steel:

On March 6, 2011, the Company signed the Taconite Binding Heads of Agreement ("HOA") with Tata Steel Global Minerals Holdings PTE Ltd. ("Tata Steel") in respect of the LabMag Project and the KéMag Project (collectively referred to as the "Taconite Projects"). Under the Binding HOA, Tata Steel has participated in the development of the Company's feasibility study of these projects. In exchange for an option to own a portion of the Taconite Projects, Tata Steel will pay the Company an amount equal to 64% of the costs to complete the feasibility study. If Tata Steel exercises its option, then it will pay the Company 64% of the costs incurred prior to the feasibility study to advance the project(s).

The project(s) upon which Tata Steel exercises its option will be transferred to an entity in which Tata Steel will initially hold an 80% interest and the Company 20%, with this initial 20% interest bearing a "free carry" equity 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 has an option to acquire an additional 16% paid equity interest and a right of first refusal to acquire another 4% paid equity interest should Tata Steel exercise its right to invite third party investors into the project.

As at December 31, 2018, NML has received \$27,810,000 (December 31, 2017 - \$27,810,000) from Tata Steel on account of the option. As at December 31, 2018, \$24,441,774 has been recorded as a reduction of mineral exploration and evaluation expenditures for which there was a \$58,232 recovery related to expenditures and \$2,022,603 relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable in the year ended December 31, 2018 (year ended December 31, 2017 - \$Nil). An additional \$7,212,198 has been recorded as a reduction of general and administrative expenses, with \$Nil recorded during the year ended December 31, 2018 (year ended December 31, 2017 - \$Nil). The amount receivable as at December 31, 2018 of \$3,843,972 (December 31, 2017 - \$1,763,137) was recorded as Due from Tata Steel.

During the year ended December 31, 2018, there were further discussions between NML and Tata Steel ("Tata") regarding the previously reported amount due from Tata with Tata advising the Company of disagreement with calculations making up the basis for the receivable. Upon review, the Company has not been provided with sufficient certainty to consider the amount due from Tata as collectible and accordingly has written down the full amount of the receivable. These advances are unsecured, non-interest bearing and the Company is currently in discussion with Tata Steel as to exact quantum that is owed and the expected payment date. The Company will continue to pursue collection of the \$3,843,972 as the Company believes it is entitled to this amount.

	\$
Amount due from Tata Steel as at December 31, 2017	1,763,137
Increase in amount owing relating to amounts spent on the Taconite project	58,232
Increase in amount owing relating to the reversal of the Mining Tax Credits receivable net of Mining Duties payable	2,022,603
Amount due from Tata Steel as at December 31, 2018 before provision for impairment	3,843,972
Write-down of the amount owing as at December 31, 2018	(3,843,972)
Balance Due from Tata Steel as at December 31, 2018	-

8. Tax credits and mining duties receivable:

Revenu Québec ("RQ"), based on its audit of several claims from the Company for mining credits, previously reduced the Company's claimed credits by \$4,840,000 mainly for work on the Taconite Project Feasibility Study ("Study"). The Company thus filed an appeal with the Quebec Court. As this issue has been outstanding for several years and while management continues to negotiate a settlement with RQ, the Company is unable to predict the outcome of such negotiations and, accordingly, has written down the amount receivable based on a considered estimate of the outcome of the ongoing discussions with RQ as reviewed by legal counsel. As these tax credits and mining duties relate to the amount due from Tata Steel (Note 7), they are applied to Tata's 64% share of the Study therefore increasing the amount receivable from Tata Steel.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

8. Tax credits and mining duties receivable (continued):

Changes to the tax credits and mining duties receivable are as follows:

	Tax credit relating to resources receivable	Mining duties payable	Net
	\$	\$	\$
Amount receivable or payable as at December 31, 2017	4,843,790	(1,373,490)	3,470,300
Reallocation of a 2014 R&D tax credit payable to trade and other payables	33,893	-	33,893
Tax credit relating to resources received	(3,930)	-	(3,930)
Amount receivable or payable as at December 31, 2018 before provision for impairment	4,873,753	(1,373,490)	3,500,263
Write-down of the amount owing as at December 31, 2018	(4,445,369)	1,285,049	(3,160,320)
Amount receivable or payable as at December 31, 2018	428,384	(88,441)	339,943
Amount receivable or payable as at September 30, 2019	428,384	(88,441)	339,943

9. Other assets:

On July 13, 2012, the Company entered into a contract with the Sept-Îles Port Authority ("PSI") providing NML with access to a new multi-user deep-water dock facility ("multi-user dock"). As part of the contract, NML has a minimum annual shipping capacity of 15 million tonnes a year for 20 years, with options to renew for four more five-year terms. NML's buy-in for this contract was calculated at \$38,372,000, which was paid, and the total amount was initially recorded in these consolidated financial statements as other assets. This buy-in constitutes an advance by the Company on future shipping fees. In addition, included in other assets is an amount of \$130,545 which represents the cost of opening letters of credits required to guarantee the above payments to the PSI.

On May 9, 2016 the PSI notified the Company that it considered the multi-user dock to be delivered and operational. On May 11, 2016 the Company advised the PSI of its position that this notice was inappropriate without effect and invalid.

On June 28, 2016 the Company announced that it had sent the PSI a notice of termination of the contract.

On December 6, 2017, the Company announced that it had reached a settlement with PSI. Per the settlement, as a multi-user dock participant presently without shipping operations, NML will use the funds previously advanced, coupled with a mechanism for adjusting NML's reserved dock capacity over the contractual period, to satisfy NML's take-or-pay obligation. As such, the Company has no further funding requirements in respect of the take-or-pay obligation. Once the funds previously advanced are fully offset against the take-or-pay obligation, NML is expected to use its reserved capacity proportionately based on the remaining term of the Contract. In all other respects, NML retains all its rights under the Contract.

As a result of the PSI settlement, and in view of the low probability of NML shipping prior to having fully applied the previously advanced funds to its take-or-pay obligation, NML has taken as at December 31, 2017, an impairment on this asset in the amount of \$38,502,545.

As at December 31, 2017, the Company has 15 million tonnes of reserved capacity at the multi-user deep-water dock facility and \$38,372,000 of buy-in-payment that can be applied against future shipments or take or pay obligations.

During the year ended December 31, 2018, the Company entered into an agreement with an arm's length party, Tacora Resources Inc. ("Tacora"), where the Company sold 6.5 million tonnes of the Company's multi-user wharf capacity to Tacora in exchange for \$4 million upfront and \$0.10 per ton shipped by Tacora through the Port. Due to the delay in closing the transaction on Tacora's end, the Company charged Tacora additional amounts totalling \$384,245. The Company received all these amounts during the year. As this agreement was a direct result of the Company's agreement with the Port and relates to the "Other assets" written down in prior year, they are considered as a reversal of the impairment taken in prior year on the statement of loss and comprehensive loss.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

10. Long-term investment:

As at December 31, 2017 the Company had an ownership interest in TSMC of 4.32% with a cost base of \$10,148,595 that originated as follows:

* An initial acquisition of 19 Class B shares of TSMC at a cost of \$19 and an additional Class B share that was received as part of the transfer of the DSO properties, valued at \$31,542,586.

* As a result, the Company owns 20 Class B shares with an original cost of \$31,542,605.

* In 2015, a loan receivable from TSMC of \$5,404,579 was converted into equity and in 2016 the Company took an impairment on the investment of 26,798,589.

As at January 1, 2018, the Company adopted the new standard IFRS 9. The bases of recognition changed from cost to the fair market value. The Company determined the fair value of its investment in TSMC to be \$8,436,000 resulting in a reduction of \$1,712,595.

As at December 31, 2018, the Company determined the fair value of its investment in TSMC to be \$9,585,000, resulting in an increase of \$1,149,000 for the year then ended.

As at September 30, 2019, the Company determined the fair value of its investment in TSMC to be \$4,230,000, resulting in a decrease of \$5,355,000 for the nine-month period then ended.

11. Trade and other payables:

Trade and other payables recognized in the consolidated statements of financial position can be analyzed as follows:

	September 30 2019	December 31 2018
	\$	\$
Current		
Trade accounts payable	47,809	32,952
Accrued liabilities	145,322	166,148
	193,131	199,100
	September 30 2019	December 31 2018
	\$	\$
Non-current		
Trade accounts payable to TSMC	716,527	716,527
	716,527	716,527

The trade accounts payable and accrued liabilities to TSMC relate to services that TSMC provided for the Taconite Feasibility Study. These amounts are non-interest bearing and are not expected to be paid prior to January 1, 2020.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

12. Share capital and share-based compensation:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares, without par value, issuable in series.

(b) Issued and outstanding:

	Number	Amount
		\$
Balance as at December 31, 2017	181,054,146	177,584,512
Issued	-	-
Balance as at December 31, 2018	181,054,146	177,584,512

	Number	Amount
		\$
Balance as at December 31, 2018	181,054,146	177,584,512
Issued	-	-
Balance as at September 30, 2019	181,054,146	177,584,512

(c) Share option plan:

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 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.

The changes to the number of outstanding share options granted by the Company and their weighted average exercise price are as follows:

	September 30 2019		December 31 2018	
	Number of outstanding share options	Weighted average exercise price	Number of outstanding share options	Weighted average exercise price
		\$		\$
Outstanding at beginning	995,000	0.44	2,133,000	0.67
Expired	(995,000)	0.44	(1,024,000)	0.89
Forfeited	-	-	(114,000)	0.64
Outstanding at end	-	-	995,000	0.44
Exercisable at end	-	-	995,000	0.44

There was no share-based compensation expense recognized in the statement of comprehensive loss during the nine-month period ended September 30, 2019 (\$Nil for year ended December 31, 2018) to be included in general and administrative expenses.

No options were granted or exercised during the nine-month period ended September 30, 2019 (Nil for the year ended December 31, 2018).

There were no outstanding share options as at September 30, 2019.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

12. Share capital and share-based compensation (continued):

(c) Share option plan (continued):

The following table provides outstanding share options information as at December 31, 2018:

Expiry date	Number of granted share options	Number of exercisable share options	Share options outstanding	
			Exercise price	Remaining life
			\$	(years)
May 21, 2019	970,000	970,000	0.44	0.4
September 2, 2019	25,000	25,000	0.31	0.7
	995,000	995,000	0.44	0.4

13. Mineral exploration and evaluation expenditures:

Mineral exploration and evaluation expenditures by properties are detailed as follows:

					Three-month period ended September 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KéMag	-	-	-	-	-
Lac Ritchie	-	-	-	-	-
	-	-	-	-	-
					Three-month period ended September 30 2018
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
T-Kémag	-	-	-	(58,231)	(58,231)
	-	-	-	(58,231)	(58,231)
					Nine-month period ended September 30 2019
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KéMag	15,870	-	-	-	15,870
Lac Ritchie	12,015	-	-	-	12,015
	27,885	-	-	-	27,885

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

13. Mineral exploration and evaluation expenditures (continued):

	Nine-month period ended September 30 2018				
	Mining rights	Mineral exploration & evaluation expenditures	Tax credits and mining duties	Tata Steel offset	Total
	\$	\$	\$	\$	\$
Properties:					
KéMag	131	-	-	-	131
T-KéMag	-	-	-	(58,231)	(58,231)
NuTac	-	-	(4,186)	-	(4,186)
LabMag	-	1,110	-	-	1,110
T-LabMag	-	(7,221)	-	-	(7,221)
Lac Ritchie	1,058	-	-	-	1,058
	1,189	(6,111)	(4,186)	(58,231)	(67,339)

Exploration and evaluation expenditures by nature are detailed as follows:

	Three-month period ended		Nine-month period ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
	\$	\$	\$	\$
Mineral exploration and evaluation expenditures:				
Mineral licenses	-	-	27,885	1,189
Resources evaluation recovered	-	-	-	(6,111)
Tax credits and mining duties	-	-	-	(4,186)
Tata Steel offset (Note 7)	-	(58,231)	-	(58,231)
	-	(58,231)	27,885	(67,339)

14. General and administrative expenses by nature:

General and administrative expenses recognized in the net loss of the year are as follows:

	Three-month period ended		Nine-month period ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
	\$	\$	\$	\$
General and administrative expenses:				
Salaries and employee benefit expense	-	56	-	(1,203)
Directors' fees	75,410	30,656	224,623	92,624
Management and consulting fees	94,025	83,369	375,440	303,581
Professional fees	2,387	60,255	80,145	164,222
Market development	-	-	12,332	11,012
Travel and meals	2,845	725	21,951	4,933
Registration, listing fees and shareholders information	2,149	9,498	56,977	56,051
Office and general	12,097	5,204	43,195	53,722
Rental costs	13,112	20,823	39,335	39,335
Exchange gain (loss)	(466)	37	395	37
	201,559	210,623	854,393	724,314

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

15. 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 reliability of future income tax assets, management considers whether it is more likely than not that some portion or all the future income tax assets will not be realized. As at September 30, 2019, 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.

16. Related party transactions:

Related parties include the Company's joint key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following expenses:

	Three-month period ended		Nine-month period ended	
	September 30 2019	September 30 2018	September 30 2019	September 30 2018
	\$	\$	\$	\$
Management and consulting fees *	15,000	42,530	116,000	163,260
Salaries and director's fees	75,410	30,655	216,245	92,623
	90,410	73,185	332,245	255,883

* As at September 30, 2019, trade and other payables include an amount of \$Nil (\$9,000 as at December 31, 2018) due to the CEO.

In addition to the related party transactions presented elsewhere in these financial statements, the following is a summary of other transactions:

For the three-month and nine-month periods ended September 30, 2019, there was no consulting fees charged by a company in which a former executive officer is a partner (\$10,235 and \$54,633 for the three-month and nine-month periods respectively ended September 30, 2018). There were no trade and other payables due to this related party as at September 30, 2019 (\$Nil as at December 31, 2018).

For the three-month and nine-month periods ended September 30, 2019, there was rental fees of \$7,712 and \$23,135 respectively (\$7,712 and \$23,135 or the three-month and nine-month periods respectively ended September 30, 2018) charged by TSMC in which NML is a minority shareholder. As at September 30, 2019, trade and other payables include an amount of \$7,712 due to this related party (\$725,393 as at December 31, 2018).

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

Unless otherwise stated, none of the transactions incorporated special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

17. Financial assets and liabilities:

Classification of financial assets and liabilities.

The carrying amounts of the financial instruments presented in the consolidated statement of financial position relate to the following categories of assets and liabilities:

	September 30 2019	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,657,502	3,657,502
Long-term investment	4,230,000	4,230,000
	7,887,502	7,887,502

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

17. Financial assets and liabilities (continued):

	September 30 2019	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	3,428,653	3,428,653
	3,428,653	3,428,653
Financial assets		
Amortized cost		
Cash	6,807,652	6,807,652
Other receivables	32,916	32,916
	6,840,568	6,840,568
Financial liabilities		
Amortized cost		
Trade and other payables	857,033	857,033
	857,033	857,033
	December 31 2018	
	Carrying amount	Fair value
	\$	\$
Financial assets		
Fair value through profit or loss (FVTPL)		
Marketable securities - Equities	3,674,569	3,674,569
Long-term investment	9,585,000	9,585,000
	13,259,569	13,259,569
Financial assets		
Fair value through other comprehensive income (FVTOCI)		
Marketable securities - Fixed income	5,736,440	5,736,440
	5,736,440	5,736,440
Financial assets		
Amortized cost		
Cash	6,997,065	6,997,065
	6,997,065	6,997,065
Financial liabilities		
Amortized cost		
Trade and other payables	915,627	915,627
	915,627	915,627

The fair values of the marketable securities are \$7,086,155 as at September 30, 2019 (\$9,411,009 as at December 31, 2018) and are determined by using the closing price as at September 30, 2019 and December 31, 2018.

The following table presents the fair value hierarchy for the financial assets and liabilities measured at fair value in the consolidated statement of financial position and the financial instruments measured at amortized cost for which the fair value is disclosed in the consolidated financial statements. This hierarchy groups assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

17. Financial assets and liabilities (continued):

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities at the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (that is, derived from prices).
- Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of input to the fair value measurement and are grouped into the fair value hierarchy as follows:

	September 30 2019		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,657,502	-	-
Fair value through other comprehensive income (FVTOCI)	-	3,428,653	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	4,230,000
	3,657,502	3,428,653	4,230,000
	December 31 2018		
	Level 1	Level 2	Level 3
	\$	\$	\$
Marketable securities			
Fair value through profit or loss (FVTPL)	3,674,569	-	-
Fair value through other comprehensive income (FVTOCI)	-	5,736,440	-
Long-term investment			
Fair value through profit or loss (FVTPL)	-	-	9,585,000
	3,674,569	5,736,440	9,585,000

The fair value of financial assets and liabilities not traded in active markets that are based on unobservable inputs are classified as Level 3. A fair value measurement developed using a present value technique might be categorized within Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorized. If an observable input requires an adjustment using an unobservable input and that adjustment results in a significantly higher or lower fair value measurement, the resulting measurement would be categorized within Level 3 of the fair value hierarchy. The Company's Level 3 long-term investment in TSMC represents a 4.32% interest in that company. The main inputs for the Company's internally developed valuation for its long-term investment include:

- Future funding requirements of TSMC and resulting dilution of NML's ownership interest in TSMC;
- Cost of capital that is used to reflect the current market required rate of return;
- Management's current view of future iron ore prices;
- The amount and timing of payment of dividends by TSMC;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics.

The valuation technique makes the maximum use of market inputs and relies as little as possible on entity-specific inputs. The valuation technique appropriately considers the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset and the level of the fair value hierarchy within which the inputs are categorized. Some of the inputs to the valuation model may not be market observable. Accordingly, the fair value determination of the long-term investment follows a level 3 valuation methodology.

The Company uses a present value technique to estimate the fair value of the long-term investment. The Company uses expected cash flows (i.e., from operations of TSMC) that are not risk-adjusted, and a discount rate adjusted to include the risk premium that market participants require. The discount rate used for this technique is derived from observed rates of return for comparable assets or liabilities that are traded in the market plus equity risk premiums appropriate for this investment. Accordingly, the potential dividend payments for TSMC are discounted at an observed or estimated market rate. Under the valuation method used by the Company, the expected dividends from TSMC are not adjusted for market risk. Rather, the adjustment for that risk is included in the discount rate. Thus, the expected dividends are discounted at an expected rate of return of 24% (23.19% as at January 1, 2018), yielding a fair value of approximately \$9,585,000 for the long-term investment as at December 31, 2018 (\$8,436,000 as at January 1, 2018).

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

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17. Financial assets and liabilities (continued):

The aggregate fair value of the long-term investment decreases by approximately \$591,000 (\$584,000 as at January 1, 2018) for every 1% increment in the discount rate and increases by approximately \$640,000 (\$636,000 as at January 1, 2018) for every 1% decrement in the discount rate.

The fair value as at September 30, 2019 decreased by \$5,355,000 as compared to the value as at December 31, 2018 based solely on the present value derived from the model as at September 30, 2019 versus December 31, 2018 using the projected dividend stream from the information in the TSMC adjusted financial model.

The income approach (i.e., a present value technique that takes into account the future cash flows that a market participant would expect to receive from holding the long-term investment as an asset) was used to determine the fair value of the long-term investment. The market approach (i.e., using prices and other relevant information generated by market transactions involving identical long-term investments) and the cost approach (i.e., the amount that would be required currently to acquire a 4.32% interest in TSMC) could not be used to determine the fair value of the long-term investment. The output of a model is always an approximation of a value that cannot be determined with certainty. Accordingly, the valuation technique employed may not fully reflect all factors relevant to the TSMC long-term investment owned by the Company.

There was no transfer from one level to another for marketable securities during the nine-month period ended September 30, 2019 while there was a transfer from cost to Level 3 for the long-term investment during the year ended December 31, 2018.

18. 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 12 and in the 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 risk 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. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

19. 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:

(a) 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.

As at September 30, 2019 and December 31, 2018, the Company is exposed to currency risk through fluctuations in the foreign exchange rate with respect to the following financial asset:

	September 30 2019	December 31 2018
	\$	\$
Financial instruments denominated in USD		
Cash	34,834	8,789
Marketable securities	839,080	750,050
Net exposure	873,914	758,839

Based on the above net exposure as at September 30, 2019 and assuming all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against USD would result in a change of \$87,391 (\$75,884 in 2018) in the Company's comprehensive loss and changes in equity.

There was no change in the risk exposures or objective, policies and processes from the previous period.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

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19. Financial risk management, objectives and policies (continued):

(b) Interest rate risk:

The GIC's, Sherritt and Fortress Global Enterprises notes 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 investments in the GIC's mitigate the risk because they have relatively short maturities and are backed by Canadian Federal and Provincial Governments or their Crown Corporations.

The sensitivity analysis is based on the Company's financial assets which bear interest at fixed or variable rates. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive income or equity as at September 30, 2019. The Company does not use derivative financial instruments to reduce its interest rate exposure.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(c) Liquidity risk:

Management maintains sufficient amounts of cash to meet the Company's 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 except for the amount due to TSMC (Note 11) which should be settled after the year ended December 31, 2019.

Over the past years, the Company has financed its working capital requirements and its exploration expenses commitments through existing cash resources, equity financings, and previous payments from Tata Steel on account of its option on the Taconite Projects.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(d) Credit risk:

Cash and marketable securities are held through two Canadian chartered banks and their subsidiaries and an independent investment dealer with high quality external credit ratings.

The Company is also exposed to credit risk relating to its Sherritt and Fortress notes and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness. 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.

The Company's management considers that all of the above financial assets that are not impaired or past due for each of the reporting dates are of sufficient credit quality.

Credit risk of other receivables and cash is considered negligible, since the counterparty which holds the cash is a reputable bank with excellent external credit rating and the amount of other receivables is guaranteed.

None of the Company's financial assets are secured by collateral or other credit enhancements.

There was no change in the risk exposures or objective, policies and processes from the previous period.

(e) Market risk:

The Company manages market risk by continually monitoring the ratings of its investees and overall market conditions.

The Company is exposed to the risk of changes in the fair value of its investments in Sherritt, shares of listed companies on the TSX and investment in TSMC resulting from changes in their operations, results, and overall market ratings.

The only change in the risk exposure from the previous period relates to the investment in TSMC which was recorded at cost in previous years.

Based on the fair value of the investment in TSMC as at September 30, 2019 and assuming all other variables remain constant, a 10% depreciation or appreciation of the fair value would result in a change of fair value of \$423,000 in the Company's comprehensive loss and changes in equity.

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Notes to Condensed Interim Consolidated Financial Statements (continued)

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(in Canadian dollars)

20. Commitments and contingency:

20.1 Commitments:

- (i) The Company is committed through LabMag Limited Partnership ("LLP") to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.
- (ii) The Company is liable to pay NNK Trust a proportion of dividends received from TSMC that relates to the mining during that year on DSO properties that the Company purchased from NNK Trust and subsequently sold to TSMC, as part of the sale described in Note 10.

As at September 30, 2019, the Company has a 4.32% (2017 - 4.32%) ownership interest in TSMC and in order to maintain this ownership level it will be required to contribute 4.32% of all funding requests to shareholders as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first \$1,342,782,000 of funding requirements. As at September 30, 2019, there are no outstanding funding requests made to the Company by TSMC.

- (iii) In relation to the NML's agreement with the Sept-Îles Port Authority ("Port") relating to the new multi-user deep-water dock facility, the Company has a take-or-pay obligation based on a discounted rate applied on 50% of the 15 million tonnes minimum annual shipping capacity until 2032 and is payable even if NML does not use the facilities. The Company has reached an agreement with the Port whereby its \$38,372,000 buy in payment and 15 million tonnes reserved annual capacity can be applied to meet its take-or-pay obligation such that by the end of the take-or-pay period in 2032 the Company will not be required to make any additional cash outlay, however, at that time NML will no longer have a right to its buy-in-payment or reserved annual capacity.

On November 19, 2018, NML closed a transaction under which 6.5 million tonnes of the 15 million tonnes of annual wharf capacity reserved by NML in a July 2012 contract with the Port, along with the associated rights and obligations, shipping rates and other terms in the July 2012 contract were sold to Tacora. Other than the reduction in NML's annual wharf capacity to 8.5 million tonnes, there will be no change to NML's existing arrangements with the Port regarding the rights and shipping rates related to the remaining reserved capacity and the Company will not be required to make any additional cash outlay to meet its take-or-pay obligation.

- (iv) The Company has entered into two long-term operating leases which are for premises and equipment, and drill core storage amounting to \$51,351. One of the lease expires in August 2020 and the other in October 2020. Included in operating leases is \$36,337 related to the rental of office space from TSMC.

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.

The minimum annual lease payments are as follows:

	\$
2019	13,087
2020	38,264

20.2 Contingency:

In the ordinary course of business, the Company and its subsidiaries may become involved in various legal and regulatory actions. The Company establishes legal provisions when it becomes probable that the Company will incur a loss and the amount can be reliably estimated. The Company also estimates the aggregate range of reasonably possible losses (RPL) in its legal and regulatory actions (that is, those which are neither probable nor remote), in excess of provisions.

As at September 30, 2019, the Company is being sued by a former consultant in the amount of \$1.5 million. The Company believes that the consultant was appropriately compensated and is contesting this claim.

The RPL is from zero to approximately \$1.5 million plus legal costs. The Company's provisions and RPL represent the Company's best estimates and are based upon currently available information for the current action for which an estimate can be made, but there are several factors that could cause the Company's provision and/or RPL to be significantly different from its actual or RPL. For example, the Company's estimate involves significant judgment due to the stage of the proceeding, the yet-unresolved issues in the proceeding, and the attendant uncertainty of the various potential outcomes of the proceeding.

NEW MILLENNIUM IRON CORP.

Notes to Condensed Interim Consolidated Financial Statements (continued)

Three-month and nine-month periods ended September 30, 2019 and 2018

(in Canadian dollars)

20. Commitments and contingency (continued):

20.2 Contingency (continued):

In management's opinion, based on its current knowledge and after consultation with counsel, the ultimate disposition of this action, will not have a material adverse effect on the consolidated financial condition or the consolidated cash flows of the Company. However, because of the factors listed above, as well as other uncertainties inherent in litigation, there is a possibility that the ultimate resolution of the legal action may be material to the Company's consolidated results of operations for any reporting period.

21. Subsequent event:

In October 2019, the Company received a payment of \$485,877 from Revenu Québec as a settlement for the tax credits and mining duties rights receivable, as described in Note 8.