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Positive feasibility for New Millennium Capital's iron project in Quebec

With many analysts predicting significant increases in benchmark iron ore prices this year, the timing of **New Millennium Capital Corp**.'s (NML-V) feasibility study results for its Direct Shipping Ore properties near Schefferville, Quebec, couldn't have come at a more opportune time.

The feasibility study demonstrates that its 100%-owned DSO properties will yield a payback in just three years following commercial production, which is expected to start in the third quarter of 2011.

The study updated an earlier pre-feasibility study completed in February 2009 and was calculated from updated resources based on 2009 drill results.

The DSO project contains 63.5 million tonnes of proven and probable reserves at an average grade of 58.8% iron. The reserves were calculated based on an assumed slope of 50 degrees, a ramp width of 21 metres at a maximum gradient of 8%, and an iron cut-off grade of 50%.

Measured and indicated resources of 4.6 million tonnes at an average grade of 58.9% iron, 7.15 million tonnes of inferred resources at an average grade of 55.9% iron, and roughly 40 million tonnes of historical resources that are not in compliance with NI 43-101 standards.

Drilling got underway in 2008 and continued through the summer of 2009. Altogether 10 deposits were selected for drilling. A total of 10,300 meters were drilled in 215 holes and 3140 samples were analyzed.

The study indicated a pretax internal rate of return of 29% on a production assumption of 4 million tonnes per year of sinter fines and super fines products. The net present value discounted at 8% for the project works out to US$418 million (before corporate taxes and mining taxes).

DSO is a brownfield project in an historic iron ore producing region of Canada, where from 1954 to 1982, the Iron Ore Company of Canada had extensive operations to mine the DSO ores.

Today New Millennium Capital owns 22 of these DSO deposits, which are located in different areas. Mining will start in Area 3, where the Iron Ore Company of Canada was mining prior to the closure of its Schefferville operations.

Some of the pits were partially mined or stripped and can be restarted with little capital. And much of the infrastructure is already in place. A rail bed from the main line already exists. A 28-km rail link from the main line will be built to the Timmins area, where a processing plant, offices, laboratories, maintenance and service facilities will be located.

The feasibility study estimates initial capital costs of US$300 million and working capital of about US$13.5 million. Stripping ratios will vary from mine to mine but will average 1.03 over the life of the mines.

Cash operating costs are estimated at US$30 per tonne of product on board ship at Sept-Iles. (Transportation and port handling costs make up a large part of the project's total cash operating costs.)

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Calculations about the project's economics were based on an estimated 10-year mine plan, which includes mining only the current proven and probable reserves.

Tata Steel, which owns 19.9% of New Millennium and is the company's largest shareholder and strategic partner, will review the feasibility study in order to make a decision whether it wants to fund the project or not. Tata has an exclusive option to participate in the DSO project, and commitment to take the resulting production if the option is exercised.

Because of the friability of the ore and degradation during transportation, it was determined that no lump ore would be produced to maximize the production of sinter fines.

About 80% of the plant production is expected to be comprised of sinter fines and the remainder to be comprised of super fines.

Tailings will be pumped to a nearby mined-out pit and reclaimed water will be used as process water.

Hydro power will be available during the summer months from the Menihek power station and an electrical transmission line will be re-established from a nearby substation to feed the installations. Diesel generating sets will be used to supply additional power. Exhaust from the generators will be used to pre-heat air to the dryer and generate steam for filtering.

The products from the process plant will be stored in silos. It is expected that every two days, a 240-car train will be loaded through a rapid loading system.

New Millennium will have to build a 35-km haul road to transport the ore to the Timmins area for processing. DSO ore trains will be hauled to the Pointe Noire Terminal at Sept-Iles, where a car dumper will be built and the products stockpiled.

The existing dock owned by the Sept-Iles Port Authority will be used to load vessels.

At the end of last year, New Millennium submitted an Environmental Impact Statement for Area 3 to the Government of Newfoundland and Labrador and expects to receive approval by May 2010.

New Millennium is bullish on a recovery in steel demand and consequently believes that iron ore prices will recover from their fall from their peak of US$200 per tonne (CIF basis) in March 2008 to below US$70 per tonne (CIF) in November 2008. By the end of 2009, the spot price had reached US$130-135 (CIF) per tonne.

At presstime New Millennium was trading at $1.11per share. Over the lat year the company has traded in a 52-week bank of 27¢-$1.17 per share and has 132.1 million shares outstanding.