

MESSAGE TO SHAREHOLDERS

New Millennium Capital Corp. ("NML" or the "Company") is pleased to report its unaudited financial and operational results for the three and six month periods ended June 30, 2005.

The significant second quarter activities were:

- The completion of **Metallurgical Testing and Statistical Analysis** on the remaining 2004 field season samples from 23 diamond drill holes (1,586 meters) in Blocks A and B.
- The completion of a **Technical Report and Mineral Resource Estimate** on the LabMag Iron Ore Property, in compliance with NI 43-101, which outlined approximately 1.045 billion tonnes of Indicated Mineral Resources of iron ore with a 27.8% DTWR and an additional 760 million tonnes of Inferred Mineral Resources of iron ore with a 25.7% DTWR in Block A – about 45% of the property.
- The adoption of a **Shareholders' Rights Plan** to access and evaluate any offer for common shares of NML which might at any time in the future be made, and, where appropriate, to enable the Board of Directors ("the Board") to explore and develop alternatives to maximize shareholder value.
- The **Commencement of the 2005 Field Season** with an 8,000 meter diamond drill program, the objective being to increase the already reported Indicated Mineral Resources in Block A and to upgrade both the Indicated and Inferred Mineral Resources on the total property to higher categories.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended June 30, 2005 should be read in conjunction with the Company's unaudited interim financial statements and related notes contained in this report and the audited financial statements and MD&A for the year ended December 31, 2004. This interim MD&A is dated August 19, 2005.

Certain statements included in this discussion may constitute forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include changes in government regulations, general economic conditions and business conditions, which among other things may affect demand for the Company's services and the ability of the Company to implement its business strategy.

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 report.

RESULTS OF OPERATIONS

Financial Results

The Interim Consolidated Statement of Loss and Deficit indicates a net loss for the three months ended June 30, 2005 of \$275,651. This loss represents expenses of \$472,864 net of interest revenue of \$18,034 and income taxes recoverable of \$179,179. The most significant expense

items were general and administrative (\$232,000), market development (\$168,000) and professional fees (\$65,000).

General and administrative expenses for the three months ended June 30, 2005 include salaries (\$64,000), consultants (\$50,000), office rent and supplies (\$29,000) and travel expenses (\$36,000). Market development expenses include marketing consultant fees, travel and promotional expenses and professional fees include accounting and audit services, legal services, special advisory services and placement agency services.

The net loss for the six month period ended June 30, 2005 was \$513,923. This loss represents expenses of \$862,969 net of interest revenue of \$42,327 and income taxes recoverable of \$306,719. Again the most significant expense items were general and administrative (\$441,000), market development (\$265,000) and professional fees (\$142,000).

General and administrative expenses for the six month period June 30, 2005 include salaries (\$116,000), consultants (\$98,000), office rent and supplies (\$55,000) and travel expenses (\$44,000).

The Interim Consolidated Balance Sheet as of June 30, 2005, indicates that the value of mineral properties increased to \$5,446,402 from \$4,529,538 as of December 31, 2004 or by \$916,864. The main components of this increase were engineering (\$224,000), environmental (\$209,000), drilling (\$194,000), laboratory analysis (\$99,000), outside exploration (\$85,000), site infrastructure (\$56,000), field labour & supplies (\$35,000) and outside property mineral licences (\$20,000) offset by a decrease in the LabMag mineral licence (\$5,000).

Capital stock increased by \$1,330,966 to \$7,386,157 due to the issuance of 3,635,332 common shares purchased through the exercise of 600,000 stock options held by a broker and 3,035,332 warrants.

The company renounced Canadian Exploration Expense (CEE) of \$4,485,000 through the issuance of flow-through shares in 2004. As of June 30, 2005, the Company has incurred CEE in excess of \$2,075,000 and expects to incur the remaining \$2,410,000 by December 31, 2005.

Metallurgical Testing and Statistical Analysis

On April 25, 2005 (News Release 05-05) the Company reported the results of the final 23 diamond drill holes (1,586 meters) that were drilled on its 80% owned LabMag Iron Ore Project in Labrador during 2004. These diamond drill holes were located on 6 section lines that traverse Block "A" and 1 section line that traverse Block B.

These latest results continued to indicate that a high quality concentrate, in the order of more than 69% iron and less than 3% silica can be made from the rock represented by these diamond drill cores. They also confirm the existence of long continuous columns of magnetite iron mineralization beginning at, or close to, the ground surface and support the earlier geological interpretation and tenor of mineralization that was described in the drilling done in the 1960s and 1970s.

2004 Drilling Summary

News Release	Holes	Meters	Sections/Zone
Jan 12/05 (05-01)	9	629	2/A
Feb 28/05 (05-04)	27	1,772	7/A
Apr 25/05 (05-05)	23	1,586	6/A & 1/B
	13	795	Modelling only
	-	626	Not sampled
Totals	72	5,408	15/A & 1/B

A total of 5,408 meters (72 holes) were drilled in 2004. The earlier results of 36 diamond drill holes, or 2,401 meters, were reported in the news releases dated January 12 (New Release 05-01) and February 28 (News release 05-04). In addition to the 23 holes reported (News Release 05-05) a remaining 13 holes (795 meters) contain information on short holes and also on uncompleted section lines in Block B. Data from these holes was used in the geostatistical analysis and modelling but was not included on the cross-sections. As a consequence, a total of 4,782 meters of core was sampled and the metallurgical results reported. The remainder of the 5,408 meter program, that is 626 meters, were not sampled. These core intersections were either in lean iron formation at the bottom of the holes or non-mineralised waste rock at the top of the holes.

Technical Report and Mineral Resource Estimate

Summary of Iron Ore Mineral Resource Estimate (using a DTWR cut-off grade of 20%)

Resource Classification	Tonnes (millions)	Percent DTWR	Percent Head Fe	Percent Conc. Fe	Percent Conc. SiO ₂
Indicated	1,045.1	27.8	30.0	69.4	2.34
Inferred	760.7	25.7	30.0	69.3	1.60

The primary objective of the core drilling program was to demonstrate the existence of a large Indicated Mineral Resource of iron ore, sufficient in size to continue the advancement of the Project. The management of NML considers that the above results, which were achieved by only drilling about 45% of the Property, have met the primary objective. Management has therefore decided to carry out additional drilling, bulk sampling and environmental field studies during the 2005 field season including associated marketing and engineering studies. The controlling purpose for the additional drilling is to increase the Mineral Resource Estimate and to upgrade the existing Mineral Resources from the "Inferred" category to "Indicated" and from "Indicated" to the "Measured" category.

The mineral resource estimates outlined above are subject to a number of assumptions including that the LabMag Iron Ore Project is economic and technically feasible, that all regulatory and environmental approvals and permits will be obtained, that sufficient financing can be raised to develop the Project and that sufficient markets are available to accept the products produced from the Property. Also, there is no assurance that commercial production of iron ore concentrates will match the test results noted above or that mineral resources, which are not classified as reserves, will eventually achieve demonstrated economic viability.

For additional information, the reader is referred to the technical report dated June 20, 2005, prepared by Rick Risto, M. Sc., P. Geo., Michael W. Kociumbas B. Sc., P. Geo., and H.E. (Buzz) Neal, M.A., P.Eng, filed on Sedar on June 20, 2005.

Commencement of the Field Season

On June 29, 2005 three diamond drills arrived at the LabMag Iron Ore Property to mark the commencement of the 2005 field season (News Release 05-10). As part of its \$4.7 million Phase I exploration program, NML plans to drill up to 6,500 meters in approximately 100 holes primarily in Block "B" with the objective of increasing the already reported Indicated Mineral Resource in Block "A" of about 1.1 billion tonnes and to upgrade the existing resources to higher categories. As part of its Phase II exploration program, additional in-fill drilling of about 20 holes in 1,500 meters will be performed in Block "A" to generate, if possible, a Measured Resource category.

The diamond drilling is being done by Heath & Sherwood Drilling of Kirkland Lake, Ontario. The drilling program is expected to be completed by the end of October this year. The revised Mineral Resource Estimates are expected to be complete by March 30, 2006

Shareholders Rights Plan

On April 21, 2005 the Company announced (News Release 05-06) that the Board had adopted a shareholders rights plan. Shareholder approval of this plan was obtained at the annual general meeting of the shareholders that was held on June 10, 2005.

This plan is intended to provide the Board and the shareholders sufficient time to assess and evaluate any offer for common shares of NML which might at any time in the future be made, and, when appropriate, to enable the Board to explore and develop alternatives to maximize value to shareholders. As a consequence, on the effective date (April 21, 2005) one right was issued and attached to each common share outstanding and will attach to each common share subsequently issued.

A summary of the shareholders rights plan is contained in the April 21, 2005 news release and a copy of the rights plan agreement is attached as Schedule A to the material change report filed on SEDAR on April 22, 2005.

ANNUAL INFORMATION

The following table shows selected annual information for the Company (in CDN dollars) derived from the Company's Audited Annual Financial Statements for the three most recently completed financial years (the Company was incorporated on August 8, 2003):

Item	December 31, 2003	December 31, 2004
Total Revenue	Nil	22,157
Net Loss	(3,992)	(972,729)
Loss Per Share	(0.00)	(0.06)
Total Assets	760,825	8,178,040
Long-Term Debt	Nil	2,079,396
Dividends	Nil	Nil

SUMMARY OF QUARTERLY RESULTS

The following table highlights (in CDN dollars) revenue, net income and loss per share for the current and previous 7 quarters (the Company was incorporated on August 8, 2003):

	Jun-05	Mar-05	Dec-04	Sep-04	Jun-04	Mar-04	Dec-03
Revenue	18,034	24,293	15,159	2,212	2,310	2,476	Nil
Net Loss	(275,651)	(238,272)	(922,062)	(1,566)	(17,175)	(31,926)	(3,992)
Loss Per Share	(0.01)	(0.01)	(0.06)	(0.00)	(0.00)	(0.00)	(0.00)

LIQUIDITY AND CAPITAL RESOURCES

The capital requirements of NML consist primarily of the funding of the Phase 1 and Phase 2 work programs and working capital. The source of funds available to satisfy these capital requirements includes the existing cash balance, external debt financing and the equity markets.

Working Capital

The Company's working capital, at June 30, 2005, is \$2,961,114. This consists of cash and cash equivalents and receivables net of accounts payable and accrued liabilities.

Capital Expenditures

There were capital expenditures of \$23,047 during the second quarter of 2005. The main categories of this capital expense were computers, software and electronic equipment (\$18,970), office furniture and communications equipment (\$3,952) and machinery (\$125).

Capital expenditures for the six month period ended June 30, 2005 were \$38,663. The main categories of this capital expense were computers, software and electronic equipment (\$32,868), office furniture and communications equipment (\$5,670) and machinery (\$125).

TRANSACTIONS WITH RELATED PARTIES

The Acquisition was not considered to be a Non Arm's Length Qualifying Transaction. However, of the total issued shares of LMC, previous to the Acquisition, 40% were owned by Robert A. Martin, a director and officer of the Company and LMC, and Dean Journeaux, a director of the Company and a director and officer of LMC. Prior to the Acquisition, Mr. Martin and Mr. Journeaux owned 1.2% and 2.0%, respectively, of the total issued shares of the Company, and upon completion of the Acquisition and the Financing, they owned 0.3% and 0.6%, respectively, of the total issued shares of the Company (not including the NML Shares issued to LMC as part of the consideration for the Acquisition). An independent committee of the Board of Directors of the Company, consisting of all the directors of the Corporation other than Mr. Martin and Mr. Journeaux, was established to negotiate the terms of the Acquisition with LMC and NNK.

During the second quarter, NML incurred costs of \$100,532 in consulting fees to five businesses owned by directors and \$38,129 in legal fees to a law firm with a partner who is a director.

During the six-month period ending June 30, 2005, NML incurred costs of \$133,660 in consulting fees to five businesses owned by directors and \$52,334 in legal fees to a law firm with a partner who is a director.

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses and resource property costs is provided in the Company's Consolidated Statement of Loss and Deficit and the Consolidated Schedule of Resource Property Costs contained in its Consolidated Financial Statements for December 31, 2004 and 2003, and in the Interim Financial Statements for Q1 and Q2 of the year 2005, that are available on New Millennium's website at <http://www.nmlresources.com/library/financialstatements.asp> or on its SEDAR Page Site accessed through www.sedar.com

OUTLOOK

The Company's objective is to develop a mining and concentrating complex in Labrador that will mine 35 million tonnes of crude iron ore per year to produce 10 million tonnes per year of concentrate for a minimum of 20 years. Subject to the completion of positive feasibility studies, project financing and project construction, the concentrate would be pumped from Labrador through a slurry pipeline, about 600 kilometres, to the Port of Sept-Iles, Quebec. This port, which is located on the north shore of the St. Lawrence River, about 900 km east of Montreal, is open for year round vessel shipping. It is expected, based on previous estimates, that the LabMag concentrate, from Labrador, will be pelletised in Sept-Iles to produce 10 million tonnes of pellets per year. However, the Corporation is currently re-evaluating the option of locating the pellet plant in Labrador, based on updated iron ore price projections and capital and operating cost estimates. It is expected that the final pellet product will be shipped to markets in Canada, the United States Western Europe and Asia.

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.

DISCLOSURE OF OUTSTANDING SHARE DATA

The following information relates to share data of the Company as at the date of this report.

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:

Common shares	<u>Number</u>	<u>Amount</u>
Balance, December 31, 2004	36,200,000	\$6,055,191
Issued on exercise of options	600,000	60,000
Issued on exercise of warrants	3,035,332	1,288,966
Tax effect of share issuance cost	-	(18,000)
Balance, June 30, 2005	<u>\$39,835,332</u>	<u>\$7,386,157</u>

2. Options

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

No stock options were granted during the six months ended June 30, 2005.

3. Warrants

The Company has issued the following warrants: 5,000,000 at an exercise price of \$0.40 and 15,000,000 at an exercise price of \$0.50 expiring August 10, 2005. The following warrants were exercised during the six months ended June 30, 2005.

748,332 at an exercise price of \$0.50
2,287,000 at an exercise price of \$0.40

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.sedar.com

On Behalf of the Board of Directors

signed "Robert Martin"

President & Chief Executive Officer

August 19, 2005 Calgary, Alberta

signed "William Almdal"

Chief Financial Officer