

New Millennium Capital Corp.

FIRST QUARTER REPORT

2006

MESSAGE TO SHAREHOLDERS

New Millennium Capital Corp. (“NML” or the “Company”) is pleased to report its unaudited financial and operational results for the three month period ended March 31, 2006.

The significant first quarter activities were:

- The establishment of pre-feasibility study (“PFS”) design criteria to increase the expected annual production from 10 million tonnes of pellets per year (“mtpy”) to 15 mtpy of pellets.
- The provision of an update on the first drill results received from the 2005 drilling program that was completed in September 2005.
- The announcement that the Company will modify its PFS design criteria, as a result of meetings with the Government of Newfoundland and Labrador, to focus on the possibility of locating the proposed pellet plant near Ross Bay Junction, Labrador.
- The provision of the final results of the 2005 drilling program on Block “A”.
- The closing of a non-brokered private placement for gross proceeds of \$3,000,000 to fund part of the Company’s 2006 environmental base-line studies on the LabMag Iron Ore Project (“the Project”) and for general working capital purposes.
- The provision of the final results of the 2005 drilling program on Block “B”.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial results for the interim period ended March 31, 2006 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, 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.

RESULTS OF OPERATIONS

Pre-feasibility Design Criteria

On January 20, 2006 (News Release 06-01) the Company announced that it had established its PFS design criteria for the Project based on drill core analysis, pilot plant testing and market study results received to date. This study will outline the various facilities such as the mine, crusher, concentrator, power supply, pipeline, pellet plant, port and other associated facilities required to develop the project including open pit design and mine planning along with operating and capital costs.

In accordance with the PFS design criteria, mine capacity is estimated to be 53.5 mtpy of crude ore. Crushing, grinding and processing capacity, at the concentrator, is estimated to be 53.5 mtpy to produce 15 mtpy of magnetite concentrate. The requirements for power at the mine-mill complex are estimated to be 225 megawatts. The slurry pipeline is estimated to have a design capacity of 15 mtpy with the flexibility of handling up to an additional 15% of that amount. Concentrate slurry is presumed to be transported by pipeline from the concentrator to the pellet plant which is estimated to have two lines of 7.5 mtpy capacity each. The final pellet product will be further transported to a 3.5 million tonne capacity storage yard located at a deep water port capable of loading ships in the capacity range of 25,000 to 360,000 dead weight tonnes.

Although the design criteria were established by NML management based on the best information available to date, there is no assurance that a positive PFS based on these criteria will be issued by Met-Chem Canada Ltd. ("Met-Chem"), the author of the PFS.

Drilling

On February 28, 2006 (News Release 06-02) and March 21, 2006 (News Release 06-04) the Company reported the results of 64 holes (4,400.1 meters) that were drilled in 2005 on Block "A"; and, on March 29, 2006 (News Release 06-06) NML outlined the results of 42 holes (3,550 meters) that were drilled on Block "B". In total NML completed 8,659 meters of drilling on Blocks A and B during the 2005 field season. Of this total, 7,950 metres of core were analyzed in 106 diamond drill holes. These results continued to indicate that a high quality Davis Tube concentrate, containing more than 69% iron and less than 3% silica, could be made from the rock represented by these diamond drill cores.

The objective of the 2005 drill program was to demonstrate the existence of a minimum resource of iron ore, sufficient to operate the planned facilities for a minimum of 20 years with the objective of increasing the indicated and measured resource beyond a 20 year life.

NML integrated the drill core results into a geological block model for resource determination and classification by Geostat Systems International Inc., a geo-statistical specialist; and, Watts, Griffis, McOuat (WGM) was retained to act as an Independent Qualified Person to complete an updated resource estimate of the Property based on the previous drilling done in 2004 by NML, the 2005 drilling by NML and the earlier drilling done by the Iron Ore Company of Canada. Subsequent to Quarter 1, this report was received on April 13, 2006 (News Release 06-07).

The 2006 drilling program is expected to begin during the first week of June. A total of four drills will be utilized to drill up to 93 holes. It is planned to drill 59 holes in Labrador on the LabMag Property. Of this total 11 holes will be drilled in Block A, 44 holes will be drilled in the zone between Block A and Block B and 4 holes will be drilled in Block B. In addition 5 holes will be drilled in the proposed tailing area north of Block A for tailing clearance purposes and 4 holes will be drilled in the proposed dyke area west of Block A for dyke construction purposes. It is also planned to drill up to 25 tonnage holes in Quebec on the company's Harris Lake Property. This is located about 20 kilometers north of the LabMag Property and is believed to be an extension of the LabMag resource.

Pilot Plant Testing

Pilot plant testing by Midland Research Laboratory of the 200 tonne bulk sample that was collected in 2005 was completed and an interim metallurgical report was published in February 2006. The results indicate that a high grade concentrate can be produced from the ore. Further testing will be conducted in 2006.

Concentrate samples that were produced in the pilot plant were shipped in February 2006 to potential customers and to two premier pellet testing facilities, one in Europe and the other in Canada, for pellet production and quality testing. A report will be published after conclusion of

the tests during the second half of 2006.

Market Studies

Market studies were started and preliminary results of discussions by NML management with potential users indicate an expected pellet demand of up to 15 mtpy by 2011. With two production lines, this tonnage matches the 7.5 mtpy capacity of the largest pelletizing production units available. These larger units are expected to have a beneficial impact on the project due to economies of scale.

Modification of Pre-feasibility Design Criteria

On March 1, 2006, NML announced that it would be modifying its PFS design criteria for the Project (News Release 06-03). The PFS will now focus on the possibility of locating the proposed pellet plant near Ross Bay Junction in Labrador, approximately 220 km south of the proposed mine site and approximately 60 km east of Labrador City by road. In this case, concentrate would be transported from the mine site through a 225 km slurry pipeline and the pellets would be transported by railway from Ross Bay Junction to the port at Pointe Noire, Quebec, approximately 400 km, for shipping to markets in Canada, the United States, Western Europe and Asia.

NML now expects to complete the PFS by June 30, 2006, following further discussions with the Government. These discussions are not expected to delay the current proposed timeline for completion of the Project.

Private Placement

On March 24, 2006, the Company announced that it had closed a non-brokered private placement, for gross proceeds of \$3,000,000 (News Release 06-05). The Corporation issued 4,000,000 common share units at a price of \$0.75 per Unit. Each Unit consists of one common share in the share capital of the Corporation and one-half of one common share purchase warrant of the Corporation. Each whole warrant will entitle the holder to purchase one additional Common Share at a price of \$1.25 per share for a period of two years from the closing of the placement. The proceeds of the private placement will be used to fund the Corporation's 2006 environmental base line studies on the LabMag Iron Ore Project and for general working capital purposes.

Other Studies

Draft reports on studies for the port and materials handling areas by Howe India Ltd. and the pipeline by Pipeline Systems Inc. of California have recently been submitted to Met-Chem. Also, during the quarter, environmental studies continued with desk work and planning for the 2006 field-baseline studies.

Other Properties

An evaluation of the 2005 field season's work on NML's other iron-ore properties was continued including exploration planning for the next field season.

SUBSEQUENT EVENTS

Updated Mineral Resource Estimate

Subsequent to the first quarter, on April 13, 2006, NML announced an updated Mineral Resource Estimate that was based on the results of the 2004 and 2005 drilling programs. These results

demonstrated approximately 3.084 billion tonnes of Measured Mineral Resources, and an additional 581 million tonnes of Indicated Mineral Resources, for a total of 3.665 billion tonnes (see table below). The Davis Tube Weight Recoveries (DTWR), on which the cut-off for the Mineral Resource is based and the associated Davis Tube Concentrate (DTC) grades are also shown in the table. Not included in the above are other Resources which are classified as Inferred and amount to 1.475 billion tonnes. All Mineral Resources were classified in accordance with National Instrument 43-101.

Mineral Resource Estimate

Block	Cut-off 18% DTWR	Tonnage (Millions)	DTWR %	%Fe Head (Crude)	%Fe DTC	%SiO2 DTC
A	Measured	1,451	27.5	29.9	69.7	2.5
	Indicated	492	24.4	28.9	69.4	2.5
	Measured + Indicated	1,942	26.7	29.6	69.6	2.5
	Inferred	963	26.2	29.7	69.4	2.5
B	Measured	1,633	26.1	29.7	70.4	1.8
	Indicated	89	24.1	27.9	70.5	1.7
	Measured + Indicated	1,722	26.0	29.6	70.4	1.8
	Inferred	512	25.7	29.5	70.3	1.8
Total	Measured	3,084	26.8	29.8	70.1	2.1
	Indicated	581	24.3	28.8	69.5	2.4
	Measured + Indicated	3,665	26.4	29.6	70.0	2.2
	Inferred	1,475	26.0	29.6	69.7	2.3

Note: million = 1,000,000 billion = 1,000,000,000 (Tonnage figures may not total due to rounding)

These Mineral Resource estimates are subject to a number of assumptions including that the 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. There is no assurance that the commercial production of iron ore concentrate will achieve the test results noted above. Mineral Resources which are not classified as Mineral Reserves do not have demonstrated economic viability.

The Mineral Resource estimates are based on a total of 178 holes drilled in 2004 and 2005 (123 holes and 55 holes in Blocks A and B respectively). In addition, 46 holes from previous drilling on the Property were used.

The Corporation engaged Geostat Systems International Inc. ("Geostat") to model the iron ore Mineral Resource. The geological model was used as the basis for a categorized block model Mineral Resource estimate and NML has integrated these results into its own geological software system for future open pit design and mine planning.

NML also engaged Watts, Griffis and McOuat Limited ("WGM"), Consulting Geologists and Engineers based in Toronto to audit the work done by Geostat and NML and to complete a "Mineral Resource certification" for the Property based on the drilling described above. A technical report, completed by WGM in compliance with NI 43-101 standards is required to be filed on SEDAR by May 29, 2006.

Memorandum of Understanding with Sinosteel MECC for Chinese Equipment Sourcing

On May 1, 2006, NML announced that it had entered into a Memorandum of Understanding ("MOU") with Sinosteel Equipment & Engineering Company ("Sinosteel MECC") a wholly owned subsidiary of Sinosteel Corporation ("Sinosteel") of Beijing, P.R.C. with a view to mandating Sinosteel MECC to assist NML in sourcing plant, equipment and services in China (News Release 06-09).

Sinosteel MECC is a General Engineering Contracting Company which provides Engineering, Procurement and Construction services as well as Engineering Project Management services to clients in China and other countries.

Since NML does not have an organization in China to undertake this work, Sinosteel MECC has agreed to assist NML, as NML's representative during the pre-feasibility stage, to provide budgetary prices for selected equipment, components, materials and cost estimates for detailed engineering from Chinese sources. Sinosteel MECC will also assist NML in the later stages as the Project develops.

During part of April and May, NML had a team of engineers in China working with Sinosteel MECC to obtain information and input for NML's PFS which is due to be released by June 30, 2006.

FINANCIAL RESULTS

The following discussion of the Company's financial performance is based on the Interim Consolidated Financial Statements set forth herein. The Company has restated its 2004 Audited Consolidated Financial Statements that resulted in a restatement to the March 31, 2005 Interim Consolidated Financial Statements, as discussed in Note 7 to the March 31, 2006 Interim Consolidated Financial Statements. The following discussion of the Company's financial condition incorporates the effects of these restatements.

The Interim Consolidated Balance Sheet as of March 31, 2006 indicates a cash position of \$7,359,887, term deposits of \$40,969 and sales taxes receivable of \$456,142 resulting in total current assets of \$7,856,998. The long term assets are comprised of property and equipment of \$79,294, mineral properties of \$11,263,186 and advances on contracts of \$102,100. The total assets total \$19,301,578 which is an increase of \$846,579 from December 31, 2005.

Current liabilities at March 31, 2006 are composed of accounts payables and accrued liabilities of \$822,170, with the only long term liability being future income taxes of \$2,530,711 for total liabilities of \$3,352,881, a decrease of \$1,034,072 from December 31, 2005. Shareholders' equity of \$15,948,697 increased by \$1,880,651 from December 31, 2005, and is comprised of capital stock of \$17,005,494 and the contributed surplus of \$1,359,310 less the deficit of \$2,416,107.

Working capital, which is current assets less current liabilities, at March 31, 2006 of \$7,034,828, is an increase of \$1,564,410 over December 31, 2005. This is sufficient working capital to complete an updated resource certification and to complete the PFS by June 30, 2006.

For the three months ended March 31, 2006 NML realized a net loss of \$397,302 or \$0.01 per share, compared to a net loss of \$238,272 or \$0.01 loss per share for the corresponding period in 2005. This loss represents operating expenses of \$629,912 (2005 - \$390,105) net of interest revenue of \$92,817 (2005 - \$24,293) and income taxes recoverable of \$139,793 (2005- \$127,540).

All costs associated with mineral properties, totalling \$11,263,186, have been classified as deferred exploration costs. The cost centres for these capitalized items are: mineral licenses (\$2,786,746), resource evaluation (\$3,644,615), drilling (\$2,575,447), environmental (\$1,316,599), field labour and supplies (\$412,123), exploration (\$252,941), legal (\$181,309), and geological and evaluation (\$93,406).

During the first quarter, the Company completed a private placement in which 4,000,000 units, each unit consisting of a common share and one-half of a common share purchase warrant, were issued resulting in gross proceeds to the Company of \$3,000,000. In addition, 2,289,524 stock options were exercised resulting in additional gross proceeds to the Company of \$ 628,953.

In December 2005, the Company renounced Canadian Exploration Expense (CEE) of \$4,000,000 in favour of the purchasers of 2005 issuance of flow-through shares for which the renunciation documents were filed with Canada Revenue Agency in February, 2006. As of March 31, 2006, the Company has expended CEE of approximately \$2,450,000 and expects to expend the remaining \$1,550,000 by December 31, 2006. This renunciation also resulted in the Company recording a \$1,440,000 decrease in its capital stock for the future income tax effect of the renunciation.

SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended March 31, 2006. The Company's interim financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars. For the quarter ending December 31, 2004, the restatements reduced the net loss by \$261,600 and reduced the loss per share by \$0.02.

	Mar-06	Dec-05	Sept-05	Jun-05	Mar-05	Dec-04 Restated	Sep-04	Jun-04
Interest Revenue	92,817	39,983	11,321	18,034	24,293	15,159	2,212	2,310
Net Loss	(397,302)	(575,460)	(214,301)	(275,651)	(238,272)	(660,462)	(1,566)	(17,175)
Loss Per Share (1)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.04)	(0.00)	(0.00)

Note (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.

FIRST QUARTER RESULTS

For the three months ended March 31, 2006, general and administrative expenses, market development and professional fees and other expenses were \$629,912 compared to \$390,105 for the corresponding period in 2005. The current quarter reflects a stock based compensation charge of \$89,000 for which there was no charge in 2005. These expenses were partially offset by income taxes recoverable of \$139,793 for which there was \$127,540 recovered in the first quarter of 2005. As a result NML's loss for the first quarter ended March 31, 2006 totalled \$397,302 or \$0.01 per share compared to a loss of \$238,272 or \$0.01 per share for the comparative period in 2005.

LIQUIDITY AND CAPITAL RESOURCES

The immediate capital requirements of NML consist primarily of the funding of an updated resource certification by May 28, 2006, the completion of a pre-feasibility study by June 30, 2006, and the completion of the base-line environmental studies by September 30, 2006. The medium term requirements consist of funding a bankable feasibility study (BFS) by October 1, 2006. The

source of funds expected to be available to satisfy these capital requirements includes existing resources, external debt financing and the equity markets. There is no assurance that sufficient financing will be available to meet these requirements.

Working Capital

The Company's working capital at March 31, 2006 increased from December 31, 2005 by \$1,564,410 to \$7,034,828 due to equity financings completed during the quarter. This consists of cash and cash equivalents, term deposits and sales taxes receivable net of accounts payable and accrued liabilities.

Capital Expenditures

There were capital expenditures of \$16,477 (2005 - \$15,616) during the first three months of 2006, all for the acquisition of computer hardware and software.

Capital Resources

At March 31, 2006, NML has paid up capital of \$17,005,494 (December 31, 2005 - \$14,554,941) representing 63,281,690 (2005 - 56,992,166) common shares and a deficit of \$2,416,107 (December 31, 2005 - \$2,018,805) that is partially offset by contributed surplus of \$1,359,310 (December 31, 2005 - \$1,531,910) resulting in shareholders' equity of \$ 15,948,697 (December 31, 2005 - \$14,068,046).

TRANSACTIONS WITH RELATED PARTIES

During the quarter, NML incurred directors' fees of \$8,500 (2005 - \$Nil), consulting fees of \$36,369 (2005 - \$33,128) to businesses owned by directors and \$47,592 (2005 - \$14,205) in legal expenses 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, 2005, 2004 and 2003 that is available on New Millennium's website at http://www.nmlresources.com/library/financial_statements.asp or on its SEDAR Page Site accessed through www.sedar.com.

OUTLOOK

The Corporation holds an 80% interest in the Howells River taconite resource which is located in the province of Newfoundland and Labrador ("NL") about 220 km north of Labrador City and 30 km northwest of Schefferville, Quebec. The development of this resource, which is called the LabMag Iron Ore Project, is the Corporation's main focus. The development contemplates the construction and operation of a mine, crusher, concentrator, slurry pipeline, pellet plant, shiploading facilities and related infrastructure. Subject to positive feasibility studies and project financing, it is expected that the final pellet product would be shipped by ocean vessels 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.

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:

The Company has 63,281,690 common shares issued (\$17,005,494).

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.

At May 15, 2006, there were 4,505,476 common shares reserved for issuance pursuant to the exercise of stock options (March 31, 2006 - 4,445,476 common shares), as follows:

Number of Common Shares	Exercise Price	Expiry Date
710,476	\$0.10	December 12, 2008
2,080,000	\$0.30	August 11, 2009
225,000	\$0.36	September 13, 2009
215,000	\$0.47	November 1, 2009
25,000	\$0.45	August 19, 2010
300,000	\$0.50	October 7, 2010
25,000	\$0.52	September 27, 2010
190,000	\$0.55	October 19, 2010
675,000	\$0.55	October 19, 2010
60,000	\$0.76	April 6, 2011

3. Warrants

At May 15, 2006, there were 7,300,000 common shares reserved for issuance pursuant to the exercise of outstanding warrants (March 31, 2006 - 7,400,000 common shares), as follows:

Number of Common Shares	Exercise Price	Expiry Date
911,000	\$0.50	April 6, 2007
389,000	\$0.50	June 1, 2007
1,000,000	\$0.75	August 15, 2007
1,055,000	\$0.75	October 6, 2007
1,945,000	\$0.75	December 1, 2007
2,000,000	\$1.25	March 24, 2008

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 First Quarter Report.

May 24, 2006
Calgary, Alberta

New Millennium Capital Corp.
Interim Consolidated Financial statements
March 31, 2006



Contents

	<u>Page</u>
Interim Consolidated Balance Sheets	1
Interim Consolidated Statement of Earnings	2
Interim Consolidated Statements of Deficit and Contributed Surplus	3
Interim Consolidated Statements of Cash Flows	4
Notes to the Interim Consolidated Financial Statements	5-8

New Millennium Capital Corp.
Interim Consolidated Balance Sheets
(Unaudited)

	March 31, 2006	Dec 31, 2005
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	7,359,887	4,037,888
Term deposits	40,969	4,298,391
Sales taxes receivable and other	456,142	244,159
Deferred financing costs	-	46,429
	<u>7,856,998</u>	<u>8,626,867</u>
Advances on contracts	102,100	145,000
Property and equipment	79,294	76,169
Mineral properties (Note 3)	11,263,186	9,606,963
	<u>19,301,578</u>	<u>18,454,999</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	822,170	1,156,449
Loan payable	-	2,000,000
	<u>822,170</u>	<u>3,156,449</u>
Future income taxes	2,530,711	1,230,504
	<u>3,352,881</u>	<u>4,386,953</u>
Shareholders' equity		
Capital stock (Note 4)	17,005,494	14,554,941
Contributed surplus	1,359,310	1,531,910
Deficit	(2,416,107)	(2,018,805)
	<u>15,948,697</u>	<u>14,068,046</u>
	<u>19,301,578</u>	<u>18,454,999</u>

See accompanying notes to the unaudited interim consolidated financial statements.

New Millennium Capital Corp.
Interim Consolidated Statement of Earnings
(Unaudited)

Three months ended March 31	2006 \$	Restated 2005 \$
Revenue		
Interest	92,817	24,293
Expenses		
General and administrative	282,457	189,283
Professional fees	145,579	76,736
Stock based compensation - consultants	89,000	-
Market development	53,095	116,086
Amortization of deferred financing costs	46,429	-
Amortization of property and equipment	13,352	8,000
	<u>629,912</u>	<u>390,105</u>
Loss before income taxes	<u>(537,095)</u>	<u>(365,812)</u>
Income tax expense - current	-	(1,272)
Income tax recovery – future	139,793	128,812
Income taxes	<u>139,793</u>	<u>127,540</u>
Net loss	<u>(397,302)</u>	<u>(238,272)</u>
Loss per share – basic and diluted	<u>(0.01)</u>	<u>(0.01)</u>
Weighted average number of shares outstanding	<u>58,729,262</u>	<u>36,651,511</u>

See accompanying notes to the unaudited interim consolidated financial statements.

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

Three months ended March 31	2006	Restated 2005
	\$	\$

CONSOLIDATED STATEMENT OF DEFICIT

Balance, beginning of period		
As reported	2,018,805	976,721
Adjustment for prior period error (Note 7)	-	(261,600)
As restated	<u>2,018,805</u>	<u>715,121</u>
Net loss	<u>397,302</u>	<u>238,272</u>
Balance, end of period	<u><u>2,416,107</u></u>	<u><u>953,393</u></u>

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

Balance, beginning of period	1,531,910	796,500
Stock-based compensation expense		
Consultants	89,000	-
Transfer to capital stock on exercise of warrants	<u>(261,600)</u>	<u>-</u>
Balance, end of period	<u><u>1,359,310</u></u>	<u><u>796,500</u></u>

See accompanying notes to the unaudited interim consolidated financial statements.

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

Three months ended March 31	2006 \$	Restated 2005 \$
Operating		
Net loss	(397,302)	(238,272)
Future income taxes	(139,793)	(128,812)
Amortization of property and equipment	13,352	8,000
Amortization of deferred financing costs	46,429	-
Stock based compensation - consultants	89,000	-
	(388,314)	(359,084)
Change in non-cash working capital	(255,963)	223,906
	(644,277)	(135,178)
Financing		
Repayment of loan payable	(2,000,000)	-
Issuance of common shares	3,628,953	139,800
	1,628,953	139,800
Investing		
Term deposits	4,257,422	-
Advances on contracts	(42,100)	-
Purchase of property and equipment	(16,477)	(15,616)
Additions to mineral properties	(1,861,522)	(155,335)
	2,337,323	(170,951)
Net increase (decrease) in cash and cash equivalents	3,321,999	(166,329)
Cash and cash equivalents, beginning of the period	4,037,888	3,317,664
Cash and cash equivalents, end of the period	7,359,887	3,151,335

(Supplementary cash flow information in Note 5)

See accompanying notes to the unaudited interim consolidated financial statements.

1. Nature of operations

New Millennium Capital Corp. (the "Company") was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003. The Company was classified as a capital pool company as defined pursuant to TSX Venture Exchange Policy 2.4. During 2004, the Company completed its Qualifying Transaction.

The Company is in the process of exploring and evaluating its mineral properties and projects and has not yet determined whether its properties and projects contain ore reserves that are economically recoverable. The recoverability of amounts shown for mineral properties and deferred exploration costs is dependent upon the ability of the Company to obtain necessary financing to complete the exploration, development and discovery of economically recoverable reserves in the mineral properties, upon the renewal of the underlying mineral claims, maintaining of the company's interest in the underlying mining titles and compliance with filing obligations, and upon future profitable production of these reserves or sufficient proceeds from the disposition thereof.

2. Summary of significant accounting policies

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the preparation of interim financial information. Accordingly, these statements do not include all of the information and disclosures required in annual consolidated financial statements. The accounting policies used in the preparation of these unaudited interim consolidated financial statements are the same as those described in our audited consolidated financial statements and the notes thereto for the year ended December 31, 2005.

In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these financial statements. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2005.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Company may undertake in the future. Actual results could differ from these estimates.

Principles of consolidation

These consolidated financial statements include the accounts of the Company, its wholly-owned subsidiary Labmag Services Inc., the 80% owned subsidiary Labmag GP Inc. and its 80% interest in Labmag Limited Partnership.

In accordance with the Partnership agreement between Labmag Limited Partnership and the Company, the Company shall be responsible for providing and arranging for all capital in excess of initial contributions of each partner and operating costs for exploration until commercial production commences. Consequently, the Company included 100% of assets, liabilities and losses excluding the initial contribution of the Partner holding the 20% interest in the Partnership in the consolidated financial statements.

3. Mineral properties	March 31, 2006 \$	December 31, 2005 \$
Mineral licenses – Labmag Property	2,738,600	2,738,600
Mineral licenses – Other properties	48,146	45,094
	<u>2,786,746</u>	<u>2,783,694</u>
Resource evaluation	3,644,615	2,386,390
Drilling	2,575,447	2,569,045
Environmental	1,316,599	954,617
Field labour and supplies	412,123	394,549
Exploration	252,941	243,953
Legal fees	181,309	181,309
Geological and evaluation	93,406	93,406
	<u>8,476,440</u>	<u>6,823,269</u>
	<u>11,263,186</u>	<u>9,606,963</u>

The above assets represent the Company's investment in the Labmag Property located in Western Labrador, Canada, amounting to \$10,962,099 (2005 - \$9,317,916) and Other properties located in Newfoundland and Québec, Canada, amounting to \$301,087 (2005 - \$289,047).

4. Share capital

a) Authorized:

Unlimited number of common shares

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

b) Issued:

Common shares	Number	Amount
Balance, December 31, 2005	56,992,166	\$ 14,554,941
Issued on exercise of stock options and warrants	2,289,524	628,953
Transfer from contributed surplus on exercise of warrants	-	261,600
Issued in private placement	4,000,000	3,000,000
Tax effect of flow-through shares issued in 2005	-	(1,440,000)
Balance, March 31, 2006	<u>63,281,690</u>	<u>\$ 17,005,494</u>

c) Stock options

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

d) Escrow

Pursuant to escrow agreements, 3,600,000 common shares are held in escrow at March 31, 2006. 1,200,000 common shares will be released on each six-month anniversary of the final exchange bulletin of the qualifying transaction until all common shares have been released from escrow.

5. Supplementary cash flow information

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

	2006	Restated 2005
	\$	\$
Income taxes paid	-	-
Interest received	82,262	24,293

6. Contingency and commitments

After undertaking the issuance of flow-through shares in 2005, the Company fulfilled its spending commitments by incurring in excess of \$2,450,000 on Canadian properties by March 31, 2006. The Company has spending commitments of an additional \$1,550,000 by December 31, 2006. If the Company is not able to fulfill these commitments, Canadian exploration expenses previously renounced will be rescinded and the Company will be required to indemnify the subscribers for such flow-through shares for losses suffered as a result of not recovering all such expenses. The Company expects to fulfill the spending commitments.

The Company has entered into leases for office premises expiring by April 2007 with total remaining payments of \$47,979.

The Company is committed through Labmag Limited Partnership to pay aggregate royalties of 2.33% of gross revenues from the mineral interests acquired in its qualifying transaction. Under certain conditions these royalties may be reduced to 2.0% by August 2006.

7. Adjustment for prior period

During 2004, the Company granted 2,000,000 common share options to the agents involved in a private placement financing. The fair value of these options was calculated as \$261,600 and incorrectly recorded and presented as stock-based compensation expense on the Company's consolidated 2004 statement of earnings. The prior year's figures have been restated to properly reflect this transaction as share issue costs. As such, the effect of the adjustment of the error to the March 31, 2005 interim consolidated statements is a decrease in the consolidated deficit of \$261,600 and a corresponding decrease in the capital stock of \$261,600.

8. Comparative figures

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