

New Millennium Capital Corp.

FIRST QUARTER REPORT

2009

## 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, 2009.

The significant first quarter events were:

- The positive results of the KéMag project pre-feasibility study (“PFS”) and the upgrade of mineral resources to reserves, and
- The positive results of the Direct Shipping Ore (“DSO”) PFS and the upgrade of mineral resources to reserves.

A subsequent event was:

- The announcement of the Company’s 2009 business objectives.

## MANAGEMENT’S DISCUSSION AND ANALYSIS

*The following discussion and analysis of the financial results for the interim period ended March 31, 2009 should be read in conjunction with the Company’s unaudited interim consolidated financial statements and related notes contained in this report and the audited consolidated financial statements and MD&A for the year ended December 31, 2008 and 2007.*

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

## FORWARD LOOKING STATEMENTS

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

of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements are based on information available at the time those statements are made and/or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Material risk factors which could cause actual results to differ materially include those disclosed in NML's Annual Information Form May 30, 2008 which is filed on SEDAR at [www.sedar.com](http://www.sedar.com). To the extent any forward-looking statements constitute future-oriented financial information or financial outlooks, as those terms are defined under applicable Canadian securities laws, such statements are being provided to describe the current anticipated potential of the Company and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions. Forward-looking statements speak only as of the date those statements are made. Except as required by applicable law, the Company assumes no obligation to update or to publicly announce the results of any change to any forward-looking statement contained or incorporated by reference herein to reflect actual results, future events or developments, changes in assumptions or changes in other factors affecting the forward-looking statements. If NML updates any one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward-looking statements. The reader should not place undue importance on forward-looking statements and should not rely upon these statements as of any other date. All forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement.

## **RESULTS OF OPERATIONS**

### **DSO Project**

#### **NI 43-101 mineral resource estimate**

On February 11, 2009, NML announced the results of the DSO Mineral Resource estimate from the 2008 drilling program. This demonstrated approximately 56.0 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.0% Fe on a dry basis plus an additional 5.8 million tonnes of Inferred Mineral Resources.

#### **Positive DSO PFS results and upgrade of mineral resources to reserves**

On March 4, 2009, the Company announced the positive results of the PFS completed with the assistance of the Consulting Engineer Met-Chem Canada Inc. on NML's 100%<sup>1</sup> owned DSO properties.

The highlights of the DSO project PFS are as follows:

- Production assumption of 4 million tonnes per year ("mtpy") of lump ores and sinter fine products
- Proven and Probable Mineral Reserves of 52.5 million tonnes ("mt")
- Reserves, based on 2008 drilling data, over a 10 year mine evaluation period
- Variable stripping ratio from mine to mine, with average of 1.18 over total mine life
- Total initial capital cost of US\$ 289 million and working capital of about US\$ 4 million
- Internal rate of return ("IRR") of 39% (unleveraged and before corporate taxes and mining taxes)
- Net present value ("NPV") of US\$ 488 million (before corporate taxes and mining taxes)
- Payback of 3 years after the start of commercial production
- Direct jobs creation of 188 at the mine and wash plant
- Projected Selling Price: US\$ 68.25/tonne of lump ore and US\$55.25/tonne of sinter fines

The PFS demonstrated that the DSO Project has the potential to achieve significant near term

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<sup>1</sup> 54 claims, owned 80% by NML and 20% by LLP, are not covered in the PFS.

cash flow for the Company. The positive project economics have allowed the Mineral Resources to be reclassified as reserves according to NI 43-101 guidelines.

In addition to the 52.5 million tonnes of Proven and Probable reserves, there are remaining Mineral Resources of 1.7 mt Measured, 1.8 mt Indicated, and 5.8 mt Inferred. There are also about 40 million tonnes of historical resources that are not currently in compliance with NI 43-101.

## **KéMag Project**

### **Positive KéMag PFS results and upgrade of mineral resources to reserves**

On January 16, 2009, NML announced the results of the PFS on its 100% owned KéMag property, and the upgrade of mineral resources to reserves. The PFS technical report was filed on SEDAR on March 3, 2009.

The KéMag project assumes a mine and concentrator at Harris Lake, Quebec, and a 750 km slurry pipeline to a pellet plant and ship loading facility at Pointe-Noire, Quebec.

The highlights of the PFS are as follows:

- Production assumption of 15 mtpy of pellets and 7 mtpy magnetite concentrate
- Proven and Probable Mineral Reserves of 2.141 billion tonnes
- Stripping ratio of 0.39 in the first 25 years
- Total initial capital cost of US\$3.8 billion and working capital US\$26 million
- IRR of 25% (unleveraged and before corporate taxes and mining taxes)
- Return on equity of 39% (before corporate taxes and mining taxes)
- NPV of US\$ 7.3 billion (before corporate taxes and mining taxes)
- Payback of 4 years after the start of commercial production
- Minimum 28 years mine life
- Direct jobs creation of 1230
- Projected Selling Price: US\$ 89.8/tonne of pellets and US\$58.7/tonne of concentrate

In addition to the 2.141 billion tonnes of Reserves, there are Measured and Indicated Mineral Resources estimated at 307 million tonnes and Inferred Mineral Resources estimated at 1.014 billion tonnes. The iron ore grades 31.3% Fe for both the Proven and Probable Mineral Resources. The Davis Tube concentrates have an average of 27% DTWR, and an average grade of 69.1% Fe and 2.7% SiO<sub>2</sub>, based on a cut-off of 18% DTWR.

### **Exposure to ABCP Market**

The Company owns long-term asset-backed notes that were issued January 23, 2009 by Master Asset Vehicle II (MAV2) a special-purpose entity that was created as a result of the restructuring of the Company's previous investment in Structured Investment Trust II, Series A asset-backed commercial paper ("ABCP"). The ABCP was converted into the following notes:

\$2,945,476 into MAV2 Class A-1 Notes ("A-1")  
\$738,573 into MAV2 Class A-2 Notes ("A-2")  
\$134,071 into MAV2 Class B Notes ("B")  
\$118,086 into MAV2 Class C Notes ("C")  
\$479,023 into IA Tracking Notes Class 15 ("IA")

The receipt of the new notes is a transaction of substance and accordingly the Company recorded a settlement of the ABCP and recognition of the new notes. The new notes were initially recorded at fair value and are classified as held-for-trading under the Company's financial instrument policy which will require them to be fair valued at each period end with changes in fair value included in the income statement in the period in which they arise. As a result of the valuation done at March 31, 2009, a fair value write-down of \$180,000 was recorded by the Company in its net loss.

The A-1, A-2 and B notes earn interest based upon the average bid rates of 30 days Canadian bankers' acceptance less 0.5%, while the C notes earn interest at 20%. The interest on A-1 and A-2 will be payable quarterly, while interest on B and C will only be paid at maturity if funds remain. While the legal maturity dates for the A-1, A-2, B and C class notes are in July 2056, the expected repayment date of January 2017 based upon the maturities of the underlying assets is being used for valuation purposes along with an anticipated first principal repayment on A-1 in 2013. The order of preference with regard to repayments of principal is A-1, A-2, B and C. The Dominion Bond Rating Service ("DBRS") indicated in January 2009 that it will rate the MAV2 Class A-1 and A-2 Notes have a rating of "A", but has not rated the MAV2 Class B and C Notes. The IA notes while not rated by the DBRS, will pay a floating rate of interest commensurate with the nature of the underlying assets and have an expected repayment date of January 2013.

Until an active market develops for the new notes, the Company will estimate the fair value of the notes by discounting expected future cash flows determined using a valuation model that incorporates management's best estimate, based on the best available data, of credit risk attributable to the underlying assets, relevant market interest rates, amounts to be received and maturity dates.

The above estimated fair values may not be indicative of the ultimate net realizable value of the notes. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the probability of realization scenarios, returns, discount rates and attributes of underlying assets could significantly affect the value of the investment in subsequent periods. The resolution of these uncertainties could result in the value of these investments varying significantly from management's current estimates. For example, an increase of 1% in the discount rate used in the valuation of the ABCP value would result in a decrease in fair value of \$130,000.

The liquidity crisis in the Canadian and global markets has had no significant impact on the Company's operations. Cash and cash equivalents at March 31, 2009 is held as cash and the term deposits are held in Government of Canada treasury bills and guaranteed investment certificates and the Company has no further exposure to the current ABCP market disruption.

## **SUBSEQUENT EVENTS**

### **Announcement of the Company's 2009 business objectives**

On April 8, 2009, NML provided an update on the status of its DSO and LabMag/KéMag ("Taconite") projects and stated that, during 2009, the Company would aggressively advance its DSO Project toward production. To achieve this objective, the Company is working closely with its strategic partner, Tata Steel.

New Millennium outlined several interrelated and contingent key objectives and tentative timelines for 2009: These are:

#### **DSO Project Objectives**

1. Complete the DSO PFS in Q1
2. Complete the DSO joint venture agreement ("JVA") with Tata Steel in Q2
3. Obtain DSO road, railway and power line permits from the Government of Quebec in Q3
4. Complete the DSO feasibility study ("FS") in Q3
5. Obtain DSO environmental approval from the Government of Newfoundland and Labrador in Q4
6. Obtain DSO Project approval by Tata Steel in Q4
7. Order early stage DSO track material, camp and equipment in Q4

#### **LabMag and KéMag ("Taconite Projects") Objectives**

1. Complete KéMag PFS and reserves estimate in Q1
2. Start LabMag Project FS stage in Q3

2009 Objectives and Other Significant Activities	Objectives 2009	2009				2010				2011			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Direct Shipping Ore (DSO) Project</b>													
Complete DSO PFS	1	■											
Complete DSO JVA	2		■										
Obtain DSO infrastructure permits (QC)	3			■									
Complete DSO FS	4			■									
Obtain DSO environmental approval (NL)	5				■								
Obtain DSO project approval by Tata Steel	6				■								
Order DSO early stage items	7				■								
DSO Stripping (NL)						■	■	■	■	■			
DSO Construction							■	■	■	■	■		
DSO Mine production (NL)											■	■	■
<b>LabMag/KéMag (Taconite) Projects</b>													
Complete KéMag PFS & Reserve estimate	1	■											
LabMag due diligence by Tata Steel		■	■										
Start LabMag FS	2			■									

<b>Activity Legend</b>	Completed	Planned
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## FINANCIAL CONDITION

The following discussion of the Company's financial performance is based on the Interim Consolidated Financial Statements set forth herein. As discussed in Note 1 to the financial statements, the financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). Management is required to make estimates and assumptions that effect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses for the period then ended.

The Interim Consolidated Balance Sheet as of March 31, 2009 indicates cash and cash equivalents of \$4,456,678, term deposits of \$13,300,613, sales taxes receivable and prepaid expenses of \$237,293 and tax credits and mining duties receivable of \$1,672,593 resulting in total current assets of \$19,667,177 a decrease of \$4,659,316 from December 31, 2008. The long-term assets are comprised of mineral properties of \$36,976,710, property and equipment of \$34,495, advances on contracts of \$81,178 and long-term investments of \$2,069,187. The total assets are \$58,828,747 which is a decrease of \$3,700,075 from December 31, 2008.

Current liabilities at March 31, 2009 are composed of accounts payables and accrued liabilities of \$968,196, with long-term liabilities comprised of future income taxes of \$942,175 and non-controlling interest of \$475,000 for total liabilities of \$2,385,371, a decrease of \$2,900,564 from December 31, 2008. Shareholders' equity of \$56,443,376 decreased by \$799,511 from December 31, 2008, and is comprised of capital stock of \$64,092,726 and the contributed surplus of \$5,670,516, less the deficit of \$13,319,866.

Working capital, at March 31, 2009 of \$18,698,981, is a decrease of \$1,800,404 from the December 31, 2008 total of \$20,499,385.

The decrease in working capital is mainly due to expenditures on mineral properties and business expenditures from normal day to day activities. The decrease in shareholders' equity is a result of the expenses from the normal course of business as well as a non-cash expense of \$848,700 for stock-based compensation. The Company used its term deposits and cash and cash equivalents to pay off accounts payable and fund its operations and continuing investment in mineral properties. The cash and cash equivalents and term deposits represent the funds that remain from the last equity financings and subsequent issuances of common shares and will continue to be used to pay for current liabilities, complete the DSO project's feasibility studies, start the LabMag project's feasibility study and pay future corporate operating expenses. During the first quarter \$1,588,895 of the Company's expenditures were mainly related to the PFS work on the DSO Project, the LabMag feasibility study and the KéMag PFS. These expenditures were recorded as mineral properties. The future income taxes continue to be mainly comprised of the future tax liability that arises from the renunciation of CEE which are partially offset by the Company's operating losses.

For the three months ended March 31, 2009 NML realized a net loss of \$1,648,211 (\$0.01 per share) compared to a net loss of \$674,294 (\$0.01 per share) for the corresponding period in 2008. This loss represents operating expenses of \$1,555,817 (2008 - \$920,559), reduction in fair value of long-term investments of \$180,000 (2008 - Nil), net of investment income of \$45,954 (2008 - \$59,173) and future income tax recovery of \$41,652 (2008 - \$187,092). An increase in general and administrative expenses and foreign exchange losses, though partially offset by a reduction in marketing development expenses, resulted in a higher loss when compared to the same period in 2008.

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

All costs associated with mineral properties, totaling \$36,976,710, as outlined in Note 6 to the March 31, 2009 Interim Consolidated Financial Statements, have been classified as mineral properties. The expenditures are divided between the properties as follows: LabMag Property \$21,449,339, KéMag Property \$8,309,787, DSO Properties \$6,908,661 and Other Properties \$308,923. The cost centers for these capitalized expenditures are: mineral licenses \$3,462,464, resource evaluation \$12,250,075, drilling \$13,471,702, environmental \$8,187,544, field labour and supplies \$2,187,526 and other \$274,715. The non-controlling interest of \$475,000, included in the Company's liabilities, relates to the LabMag Property. These expenditures are partially offset by tax credits and mining duties of \$2,857,316. The carrying value of the mineral properties are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others. At March 31, 2009, the Company believes that the carrying values of the properties are less than their net recoverable amounts and as such there has been no impairment of value on any of these properties.

## SUMMARY OF QUARTERLY RESULTS

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended March 31, 2009. This information is derived from unaudited quarterly financial statements prepared by management. The Company's interim consolidated financial statements are prepared in accordance with Canadian GAAP and expressed in Canadian dollars.

	<b>Mar-09</b>	<b>Dec-08</b>	<b>Sept-08</b>	<b>Jun-08</b>	<b>Mar-08</b>	<b>Dec-07</b>	<b>Sept-07</b>	<b>June-07</b>
Investment	45,954	147,106	32,328	45,312	59,173	68,578	54,682	59,977
Income								
Net Loss	(1,648,211)	(3,126,558)	(413,823)	(734,550)	(674,294)	(506,547)	(1,339,969)	(430,046)
Loss Per Share	(0.01)	(0.02)	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
(1)								

- (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-month period ended March 31, 2009, general and administrative expenses, market development, professional fees, foreign exchange and other expenses were \$1,555,817 compared to \$920,559 for the corresponding period in 2008. Included in the first quarter of 2009 expenses is stock-based compensation charges, included in general and administrative expenses, and foreign exchange loss of \$848,700 and \$75,701 respectively compared to \$171,500 and Nil respectively for the corresponding period in 2008. The Company's loss for the period was increased by a change in the fair value of the long-term investments of \$180,000 for which there was no change in the first quarter of 2008. These expenses were partially offset by investment income of \$45,954 compared to \$59,173 for the three months in 2008 and future income tax recovery of \$41,652 for which there was \$187,092 recovered in the first quarter of 2008. As a result, NML's loss for the first quarter ended March 31, 2009 totalled \$1,648,211 (\$0.01 per share) compared to a loss of \$674,294 (\$0.01 per share) for the comparative period in 2008.

## **CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION**

During 2009, the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") on January 1, 2009.

Section 3064 "Goodwill and Intangible Assets" establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company's results of operations and financial position were not materially affected by these new recommendations.

On March 27, 2009, the CICA issued EIC 174 "Mining Exploration Costs" that establishes standards for the capitalization of exploration costs related to mining properties and what conditions indicate there may be an impairment of the capitalized value. The Company effectively implemented this standard on a prospective basis. The Company's results of operations and financial position were not materially affected by these new recommendations.

## **FUTURE ACCOUNTING CHANGES**

In 2006, Canada's Accounting Standards Board ("AcSB") ratified a strategic plan that will result in GAAP, as used by publicly accountable enterprises, being fully converged with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") over a five year transitional period. On February 13, 2008, the AcSB announced that January, 1 2011 is the changeover date. The Company will be required to report using the converged standards effective for interim and annual financial statements relating to fiscal years beginning on January 1, 2011. The IASB's work plan currently has projects underway that are expected to result in new pronouncements that continue to evolve IFRS, and, as a result, IFRS as at the transition date of January 1, 2010 is expected to differ from its current form. The transition to IFRS will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has completed the assessment phase of its transition plan regarding the adoption of IFRS as issued by the IASB which identified a modest number of topics possibly impacting either the Company's financial results and the Company's effort necessary for transition, the Company is unable to provide specific disclosures of identified accounting policy differences and their impact on the Company's transition until the completion of the planning phase of transition to IFRS as issued by the IASB.

## **ACCOUNTING ESTIMATES**

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. The estimates include the recoverability of mineral properties, the fair value of term deposits and long-term investments, the useful life of property and equipment, future income taxes as well as the fair value estimates of stock options, agents' warrants and share purchase warrants. These estimates are based upon management's best knowledge of current events and actions that the Company may undertake in the future, they are reviewed periodically and adjustments are made in the period in which they become known, if necessary. Actual results could differ materially from these estimates.

## **FINANCIAL INSTRUMENTS**

### **Fair Value**

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with similar risks and remaining maturity.

The fair value of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

The fair value of the long-term investments is estimated by management based on the assumptions disclosed in Note 5 to the interim consolidated financial statements.

The fair value of the treasury bills is determined by discounting expected future cash flows using interest rates of 0.34% (2008 - 0.83%), which represent the rate that the Company can use for treasury bills with similar terms and conditions and maturity dates.

The fair value of the GIC's is determined by discounting expected future cash flows using interest rates of 0.225% (2008 - 0.75%), which represent the rate that the Company can use for GIC with similar terms and conditions and maturity dates.

Sensitivity to an increase of 1% in rates for the treasury bills and GIC's would affect net loss by \$5,000 for the quarter ended March 31, 2009.

## **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

In the normal course of operations, the Company is exposed to various financial risks and management manages financial risks. The Company's main financial risks are as follows:

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

### **Exchange risk**

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

At March 31, 2009, the Company had \$86,540 US in accounts payable and accrued liabilities which has been translated to Canadian dollars at the exchange rate on March 31, 2009. A \$0.01 increase or decrease in the USD/CAD exchange rate would result in a change to net loss of \$9,000.

### **Interest rate risk**

The cash equivalents and term deposits 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 Company does not use derivative financial instruments to reduce its interest rate exposure.

### **Liquidity risk**

Management serves to maintain sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of accounts payable and accrued liabilities are less than three months.

### **Credit risk**

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and term deposits are held through one Canadian chartered bank and in government of Canada treasury bills and management believes the risk of loss to be remote. The Company's credit risk is presently attributable to the long-term investments.

### **Off-Balance Sheet arrangements**

Disclosure is required of all off-balance sheet arrangements such as transactions, agreements or contractual arrangements with unconsolidated entities, structured finance entities, special purpose entities or variable interest entities that are reasonably likely to materially affect liquidity or the availability of capital resources. The Company has no such off-balance sheet arrangements.

## **CAPITAL MANAGEMENT**

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives the Company monitors its capital structure and makes adjustments as required. Management has assessed that the October 2008 private placement with Tata Steel ensures that the company has sufficient liquidity for the 12-month period ending March 31, 2010. The Company is not subject to any externally imposed capital requirements.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Working Capital**

The Company's working capital at March 31, 2009 decreased from December 31, 2008 by \$1,800,404 to \$18,698,981 due to its operating expenses and the investment in mineral properties during the first quarter. The working capital consists of cash and cash equivalents, term deposits, sales taxes receivables and prepaid expenses and tax credits and mining duties receivable net of accounts payable and accrued liabilities.

### **Capital Expenditures**

There were no capital expenditures during the first three months of 2009 and 2008.

### **Capital Resources**

At March 31, 2009, NML has paid up capital of \$64,092,726 (December 31, 2008 - \$64,092,726) representing 131,486,558 (December 31, 2008 - 131,486,558) common shares and a deficit of \$13,319,866 (December 31, 2008 - \$11,671,655) that is offset by contributed surplus of \$5,670,516 (December 31, 2008 - \$4,821,816) resulting in shareholders' equity of \$56,443,376 (December 31, 2008 - \$57,242,887).

## TRANSACTIONS WITH RELATED PARTIES

During the quarter, NML incurred directors' fees of \$11,000 (2008 - \$14,000), consulting fees included in mineral properties of \$46,000 (2008 - \$22,000), consulting fees included in expenses of \$6,000 (2008 - \$3,000), and accounting expenses of \$18,000 (2008 - Nil) to businesses controlled by directors and the interim CFO of the Company, \$66,000 (2008 - \$51,000) in legal fees to a law firm with a partner who is a director, \$55,000 (2008 - Nil) in accounting fees to an accounting firm with a partner who is the interim CFO. Of these amounts \$220,000 (2008 - \$67,000) is payable at March 31, 2009.

## ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's expenditures for mineral properties are provided in Note 6 of the March 31, 2009 Interim Consolidated Financial Statements that is available on NML's website at [http://www.nmlresources.com/library/financial\\_statements.asp](http://www.nmlresources.com/library/financial_statements.asp) or on its SEDAR Page Site accessed through [www.sedar.com](http://www.sedar.com)

Included in the Company's Interim Consolidated Financial Statements were general and administration expenses of \$1,234,777 (2008 - \$507,876,) for the three months ended March 31, 2009, comprised as follows: salaries and benefits \$178,790 (2008 - \$171,035), stock based compensation \$848,700 (2008 - \$171,500), office and administration \$175,597 (2008 - \$139,816), consultants \$1,581 (2008 - Nil) and office rent \$30,109 (2008 - \$25,525).

## MARKET OUTLOOK

### Iron Ore Market:

In the aftermath of the current economic crisis, steel production remains in the vicinity of a 50% level in industrialized countries, as automotive sales and construction activities shrink. The world steel production is now projected to fall by 14% in 2009. The Chinese steel production is expected to grow only by 3%. However, Chinese imports of seaborne iron ore since February 2009 are at record levels. Spot market prices have remained weak and port inventories are rising. This is causing some confusion amongst market observers. It is believed that three major ore producers, in the absence of a negotiated price settlement with steelmakers, are increasingly selling ores in the spot market. This is enabling them, for the time being, to oppose a 40-50% price cut demanded by the steelmakers. Smaller Chinese steelmakers are buying lower priced higher quality Australian and Brazilian products, displacing high cost inferior quality Indian and domestic ores.

Currently, the focus on benchmark price negotiation is in the Far East, where the Chinese steelmakers are in deadlock with three major miners, Rio Tinto, BHP & Vale. The Chinese buyers are insisting in securing 40% cut in the price. Currently, the benchmark price is set at US\$ 74.48 per tonne for Vale and US\$ 88.10 per tonne for Australian producers. The corresponding Brazilian price to Europe is US\$ 87.80 per tonne or US¢ 139.75 per Dry Metric Tonne Unit ("DMTU"). Vale has introduced a temporary 20% provisional discount on its benchmark price. Accordingly, the provisional selling price to Europe is now US¢ 111.80 per DMTU. If miners were to accept the Chinese demand, selling price will be US¢ 83.85 per DMTU. However, all three companies are unwilling to accept any reduction in the benchmark price, which is lower than 30%. The current benchmark price in the Far East is higher than 40% cut demanded by the Chinese Buyers.

As a result of stimulative packages introduced by various Governments to get credit flowing again, markets appear to be stabilizing. Current forecasts expect an upturn beginning towards the latter half of 2009. A 10-11% rebound in steel production should occur in 2010. The market is also expected to recover and growth should resume in 2010. The current downturn is expected

to affect iron ore prices until 2011, at which time supply and demand are expected to come into balance.

### **Outlook:**

With a projected fall in steel consumption in 2009, steelmakers are pressing for price cutbacks. Because of low steel prices, steelmakers are demanding steep reductions in the benchmark price. Major iron ore miners are holding off because they believe that the steel demand will pick up during the second half of 2009, which would help to reduce the magnitude of price reduction. In the mean time, a new trend is emerging, which would reduce dependence on contracts based on annually negotiated benchmark prices. Launch of exchange cleared iron ore swaps by Singapore Exchange on April 27, a move has begun towards a more flexible market related pricing mechanism. Another positive development is the recent move by Vale to offer a 20% discount on 2008 contract prices now and an agreement to adjust prices based on spot prices in the future.

New Millennium is in a uniquely advantageous position because of its association with Tata Steel. Their UK and Western European unit, Corus Group, does not have any captive sources of iron ore, but they consume about 30 mtpy. If Tata Steel exercises its option to advance the DSO Project, that Project will become a captive source of iron ore for the Corus Group.

### **BUSINESS RISKS**

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

The Company has no history of profitable operations and its present business is at an early stage. As such, the Company is subject to many common risks to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a positive return on shareholders' investment.

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been relatively successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

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

The LabMag Project is located in the Province of Newfoundland and Labrador and therefore subject to its mining legislation which may require that primary processing be done within the province in order to obtain mining rights.

Recent, catastrophic market conditions for resource commodities, including iron ore, after several years of improving prices has resulted in a dramatic decrease in market capitalization and the inability of companies to acquire funding for their exploration and development properties. Even though the Company is currently well financed an extended period of poor macro-economic conditions could lead to an inability of the Company to finance future operations. .

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

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

The market price of iron ore and other commodities is volatile and cannot be controlled.

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

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

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

Additional risk factors are disclosed in the Company's Annual Information Form dated May 30, 2008 which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **DISCLOSURE OF OUTSTANDING SHARE DATA**

The following information relates to share data of the Company as at March 31, 2009.

### **1. Share capital**

- (a) Authorized:
  - Unlimited number of common voting shares.
  - Unlimited number of preferred shares, without nominal or par value, issuable in series.
- (b) Issued as of March 31, 2009: The Company has 131,486,558 common shares issued (\$64,092,726).
- (c) Issued as of May 25, 2009: The Company has 131,486,558 common shares issued (\$64,092,726).

### **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 25, 2009, there were 10,708,267 common shares reserved for issuance pursuant to the exercise of stock options (March 31, 2009 – 10,678,267) as follows:

Number of Outstanding Options	Exercise Price	Expiry Date
1,688,267	\$0.30	August 11, 2009
225,000	\$0.36	September 13, 2009
200,000	\$0.47	November 1, 2009
25,000	\$0.52	September 27, 2010
865,000	\$0.55	October 19, 2010
40,000	\$0.76	April 6, 2011
1,500,000	\$0.75	September 13, 2011
90,000	\$0.75	November 2, 2011
375,000	\$0.50	February 1, 2012
905,000	\$0.75	August 2, 2012
250,000	\$0.65	November 13, 2012
25,000	\$0.73	November 19, 2012
1,500,000	\$0.83	January 30, 2013
250,000	\$1.44	March 25, 2013
100,000	\$1.65	April 30, 2013
70,000	\$1.75	June 1, 2013
2,570,000	\$0.37	January 20, 2014
30,000	\$0.37	April 29, 2014

### 3. Warrants

At May 25, 2009, there were no common shares reserved for issuance pursuant to the exercise of outstanding warrants (March 31, 2009 – 416,774).

### ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://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.

#### On Behalf of the Company

*signed* “Robert Martin”

**President & Chief Executive Officer**

*signed* “Mark Freedman”

**Interim Chief Financial Officer**

May 29, 2009 Calgary, Alberta

New Millennium Capital Corp.  
Unaudited Interim Consolidated Financial Statements  
March 31, 2009

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## New Millennium Capital Corp. Interim Consolidated Balance Sheets

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	March 31, 2009 (Unaudited) \$	December 31, 2008 (Audited) \$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	4,456,678	9,114,810
Term deposits	13,300,613	13,270,079
Sales taxes receivable and prepaid expenses	237,293	587,450
Tax credits and mining duties receivable	1,672,593	1,354,154
	<u>19,667,177</u>	<u>24,326,493</u>
Long-term investments (Note 5)	2,069,187	2,400,283
Advances on contracts	81,178	93,004
Property and equipment	34,495	42,092
Mineral properties (Note 6)	36,976,710	35,666,950
	<u>58,828,747</u>	<u>62,528,822</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	968,196	3,827,108
Future income taxes	942,175	983,827
Non-controlling interest	475,000	475,000
	<u>2,385,371</u>	<u>5,285,935</u>
<b>Shareholders' equity</b>		
Capital stock (Note 7)	64,092,726	64,092,726
Contributed surplus	5,670,516	4,821,816
Deficit	(13,319,866)	(11,671,655)
	<u>56,443,376</u>	<u>57,242,887</u>
	<u>58,828,747</u>	<u>62,528,822</u>

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

**New Millennium Capital Corp.**  
**Interim Consolidated Loss and Comprehensive Loss**  
**(Unaudited)**

Three-month period ended March 31	2009 \$	2008 \$
<b>Revenue</b>	-	-
Expenses		
General and administrative	1,234,777	507,876
Professional fees	203,410	228,792
Foreign exchange loss	75,701	-
Market development	34,332	174,765
Amortization of property and equipment	7,597	9,126
	1,555,817	920,559
Loss before other items and income taxes	(1,555,817)	(920,559)
Other items		
Investment income	45,954	59,173
Change in fair value of long-term investments (Note 5)	(180,000)	-
	(134,046)	59,173
Loss before income taxes	(1,689,863)	(861,386)
Future income taxes	41,652	187,092
<b>Net loss and comprehensive loss</b>	(1,648,211)	(674,294)
Loss per share – basic and diluted	(0.01)	(0.01)
Weighted average number of shares outstanding	131,486,558	100,453,571

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

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

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Three-month period ended March 31	2009 \$	2008 \$
<b><i>CONSOLIDATED DEFICIT</i></b>		
Balance, beginning of period	11,671,655	6,722,430
Net loss	1,648,211	674,294
Balance, end of period	13,319,866	7,396,724
 <b><i>CONSOLIDATED CONTRIBUTED SURPLUS</i></b>		
Balance, beginning of period	4,821,816	5,613,402
Stock-based compensation expense		
Employees and directors	710,700	102,000
Consultants	138,000	69,500
Transfer to capital stock upon exercise of agents' warrants	-	(283,734)
Transfer to capital stock upon exercise of share purchase warrants	-	(683,928)
Transfer to capital stock upon exercise of stock options	-	(21,490)
Balance, end of period	5,670,516	4,795,750

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

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

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Three-month period ended March 31	2009 \$	2008 \$
<b>Operating activities</b>		
Net loss	(1,648,211)	(674,294)
Interest received on long-term investments	151,096	-
Non-cash items		
Stock-based compensation expense		
Employees and directors	710,700	102,000
Consultants	138,000	69,500
Amortization of property and equipment	7,597	9,126
Change in fair value of long-term investments	180,000	-
Future income taxes	(41,652)	(187,092)
	(502,470)	(680,760)
Changes in working capital items (Note 8)	(2,275,757)	536,057
	(2,778,227)	(144,703)
<b>Investing activities</b>		
Purchase of term deposits	(30,534)	(19,950)
Redemption of term deposits	-	500,000
Advances on contracts	(50,892)	(18,100)
Additions to mineral properties	(1,798,479)	(1,053,769)
	(1,879,905)	(591,819)
<b>Financing activities</b>		
Issuance of common shares	-	4,524,850
Share issue costs	-	20,695
	-	4,545,545
Cash flows provided by financing activities		
Increase (decrease) in cash and cash equivalents	(4,658,132)	3,809,023
<b>Cash and cash equivalents, beginning of the period</b>	9,114,810	4,332,010
<b>Cash and cash equivalents, end of the period</b>	4,456,678	8,141,033

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

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# **New Millennium Capital Corp.**

## **Notes to Interim Consolidated Financial Statements**

March 31, 2009

(Unaudited)

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### **1. Governing statutes and nature of operations**

New Millennium Capital Corp. (Company) was incorporated pursuant to the provisions of the Alberta Business Corporations Act on August 8, 2003.

The Company is in the process of exploring and evaluating its mineral properties. The recoverability of amounts shown for mineral properties is dependent upon the ability of the Company to obtain necessary financing to complete the exploration and development 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.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) applicable to a going concern, which assumes that the Company will be able to realize its assets, within the limits described above, and discharge its liabilities in the normal course of operations. Management has assessed that the October 2008 private placement ensures the Company has sufficient liquidity for at least the twelve month period ending March 31, 2010.

### **2. Summary of significant accounting policies**

The unaudited interim consolidated financial statements have been prepared in accordance with GAAP applicable to 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 years ended December 31, 2008 and 2007 except for changes described in Note 3.

In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these consolidated 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 years ended December 31, 2008 and 2007.

### **3. Changes in accounting policies**

Effective January 1, 2009 the Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants (CICA).

Section 3064 "Goodwill and Intangible Assets" establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company's results of operations and financial position were not materially affected by the adoption of this standard and as such there was no restatement of prior year financial statements.

On March 27, 2009, the CICA issued EIC 174 "Mining Exploration Costs" that establishes standards for the capitalization of exploration costs related to mining properties and what conditions indicate there may be an impairment of the capitalized value. The Company implemented this standard on a prospective basis. The Company's results of operations and financial position were not materially affected by the adoption of this standard.

### **4. Future accounting changes**

On February 13, 2008 the CICA announced the adoption of International Financial Reporting Standards (IFRS) for publicly accountable enterprises. IFRS will replace Canadian GAAP. The change applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. We are currently assessing the impact of the convergence of Canadian GAAP with IFRS on the Company's financial results and disclosures.

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# New Millennium Capital Corp.

## Notes to Interim Consolidated Financial Statements

March 31, 2009

(Unaudited)

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### 5. Long-term investments

The Company owns long-term asset-backed notes that were issued January 23, 2009 by Master Asset Vehicle II (MAV2) a special-purpose entity that was created as a result of the restructuring of the Company's previous investment in Structured Investment Trust II, Series A asset-backed commercial paper (ABCP). The ABCP was converted into the following notes:

\$2,945,476 into MAV2 Class A-1 Notes (A-1)

\$738,573 into MAV2 Class A-2 Notes (A-2)

\$134,071 into MAV2 Class B Notes (B)

\$118,086 into MAV2 Class C Notes (C)

\$479,023 into IA Tracking Notes Class 15 (IA)

The receipt of the new notes is a transaction of substance and accordingly the Company recorded a settlement of the ABCP and recognition of the new notes. The new notes were initially recorded at fair value and are classified as held-for-trading under the Company's financial instrument policy which will require them to be fair valued at each period end with changes in fair value included in the income statement in the period in which they arise. As a result of the valuation done at March 31, 2009, a decrease in fair value of \$180,000 was recorded by the Company in net loss.

The A-1, A-2 and B notes earn interest based upon the average bid rates of 30 days Canadian bankers' acceptance less 0.5%, while the C notes earn interest at 20%. The interest on A-1 and A-2 will be payable quarterly, while interest on B and C will only be paid at maturity if funds remain. While the legal maturity dates for the A-1, A-2, B and C class notes are in July 2056, the expected repayment date of January 2017 based upon the maturities of the underlying assets is being used for valuation purposes along with an anticipated first principal repayment on A-1 in 2013. The order of preference with regard to repayments of principal is A-1, A-2, B and C. The Dominion Bond Rating Service (DBRS) indicated in January 2009 that the MAV2 Class A-1 and A-2 Notes have a rating of "A", but has not rated the MAV2 Class B and C Notes. The IA notes while not rated by the DBRS will pay a floating rate of interest commensurate with the nature of the underlying assets and have an expected repayment date of January 2013.

Until an active market develops for the new notes, the Company will estimate the fair value of the notes by discounting expected future cash flows determined using a valuation model that incorporates management's best estimate, based on the best available data, of credit risk attributable to the underlying assets, relevant market interest rates, amounts to be received and maturity dates.

The above estimated fair values may not be indicative of the ultimate net realizable value of the notes. While management believes that its valuation technique is appropriate in the circumstances, changes in significant assumptions, especially those relating to the probability of realization scenarios, returns, discount rates and attributes of underlying assets could significantly affect the value of the investment in subsequent periods. The resolution of these uncertainties could result in the value of these investments varying significantly from management's current estimates. For example, an increase of 1% in the discount rate used in the valuation of the ABCP value would result in a decrease in fair value of \$130,000.

The liquidity crisis in the Canadian and global markets has had no significant impact on the Company's operations. Cash and cash equivalents at March 31, 2009 is held as cash and the term deposits are held in Government of Canada treasury bills and guaranteed investment certificates and the Company has no further exposure to the current ABCP market disruption.

# New Millennium Capital Corp.

## Notes to Interim Consolidated Financial Statements

March 31, 2009

(Unaudited)

### 6. Mineral Properties

	LabMag Property \$	Kémag Property \$	Direct Shipping Ore-Holdings (DSO) \$	Other Properties \$	Balance as at Mar. 31 2009 \$	Balance as at Dec. 31 2008 \$
Beginning balance	21,421,267	8,241,962	5,719,315	284,406	-	-
Mineral licenses	6,400	-	32,904	-	3,462,464	3,423,160
Drilling	5,075	(1,400)	22,713	-	13,471,702	13,445,314
Resource evaluation	16,230	125,469	923,900	29,688	12,250,075	11,154,788
Environmental	367	22	424,263	-	8,187,544	7,762,892
Field labour and supplies	-	-	40,705	1,863	2,187,526	2,144,958
Other	-	-	-	-	274,715	274,715
	21,672	124,091	1,411,581	31,551	36,371,562	34,782,667
Tax credits and mining duties	-	(56,266)	(255,139)	(7,034)	(2,857,316)	(2,538,877)
Ending balance	21,449,339	8,309,787	6,908,661	308,923	36,976,710	35,666,950

### Overview

The Company holds interest in 3,081 claims distributed between properties in Newfoundland and Labrador (NL) and Québec. Claims registered under New Millennium Capital Corp. (NML) are owned 100% by the Company. Claims registered under LabMag Limited Partnership (LLP) are owned 80% by the Company through its interest in LLP.

Province	Ownership	LabMag Property	KéMag Property	DSO Properties	Other Properties	Total
Newfound- land & Labrador	NML	-	-	213	773	986
	LLP	619	-	54	-	673
Québec	NML	-	171	621	630	1,422
<b>Total</b>		<b>619</b> [155 km <sup>2</sup> ]	<b>171</b> [81 km <sup>2</sup> ]	<b>888</b> [362 km <sup>2</sup> ]	<b>1,403</b> [484 km <sup>2</sup> ]	<b>3,081</b> [1,082 km <sup>2</sup> ]

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**

March 31, 2009

(Unaudited)

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**6. Mineral Properties** *(Continued)***LabMag Property:**

The LabMag Iron Ore Project involves the exploration and development of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 kms to the northwest of the Town of Schefferville, Québec. A Pre-feasibility Study completed in 2006 on this Project assumed a mining operation and concentrator, located at Howells River, with an annual production of 14.2 million tonnes of concentrate to be shipped by a pipeline to a 15 million tonnes per year pellet plant located at Emeril, near Wabush Township. The pellets produced are assumed in the study to be delivered via railway to a new dock at Pointe-Noire, near Sept-Îles for export overseas.

**KéMag Property:**

The KéMag Iron Ore Project involves the exploration and development of a taconite deposit at Lac Harris, Québec. The property is situated in the municipality of Rivière Koksoak in northern Québec, centered about 50 kms to the northwest of the town of Schefferville, Québec. A Preliminary Assessment Study was completed in 2007 on this Project based on a mining operation and concentrator located at Lac Harris with an estimated annual production rate of 21.2 million tonnes of concentrate. The concentrate is proposed to be shipped by a pipeline to a 15 million tonnes per year pellet plant located in Sept-Îles, Québec, where it is estimated in the study to be sufficient to feed the pellet plant and provide 7 million tonnes per year of concentrate for export in addition to 15 million tonnes per year of pellets.

**DSO Properties:**

The Company's DSO Projects involve exploration and development work on hematite deposits in Québec and Labrador which were previously held and/or mined by Iron Ore Company of Canada. The properties, located in isolated claim blocks, extend from 15 kms SE of Schefferville to the Goodwood area some 50 kms NW of Schefferville.

**Other Properties:**

The remaining claims include holdings of magnetic taconite and dolomite as well as the site of the potential Emeril plant.

Tata Steel Global Minerals Holdings PTE Ltd. (Tata) acquired on October 9, 2008 19.9% of the post-acquisition total issued and outstanding common shares of the Company. Pursuant to a related agreement, Tata will have exclusivity on the DSO Properties through completion of a feasibility study. After completion of the feasibility study, Tata will have an option for a 180-day period to acquire an 80% equity interest on the DSO Properties. Upon exercising the option, Tata will pay 80% of NML's costs incurred to the exercise date to advance the DSO Properties. Tata will fund up to \$300 million to earn its 80% interest and will commit to purchase, at world price, 100% of DSO's iron ore production for the life of the mining operation.

Tata will also have an exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Property until June 30, 2009. The parties intend to work together to find an economically viable solution to advance this project.

# New Millennium Capital Corp.

## Notes to Interim Consolidated Financial Statements

March 31, 2009

(Unaudited)

### 7. Capital stock

#### Authorized:

Unlimited number of shares

Common shares

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

#### Issued and fully paid:

	Number of common shares	Amount \$
Balance, as at December 31, 2008 and March 31, 2009	131,486,558	64,092,726

#### 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 of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares.

During the three-month period ended March 31, 2009, 2,570,000 options were granted (1,750,000 for 2008).

The weighted average fair value of stock options granted during the three-month period was \$0.24 (\$0.92 in 2008) per option. The fair value of each option was estimated on the date of grant using the Black-Scholes model. The following assumptions were used:

	2009	2008
Risk-free interest rate	2.03%	3.5%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	79.16%	72.3%
Dividend yield	Nil	Nil

### 8. Information included in consolidated cash flows

The changes in working capital items are detailed as follows:

	2009 \$	2008 \$
Sales taxes receivable and prepaid expenses	350,157	131,394
Refundable tax credits	-	317,330
Accounts payable and accrued liabilities	(2,625,914)	87,333
	<u>(2,275,757)</u>	<u>536,057</u>

Included in the accounts payable and accrued liabilities is an amount of \$584,182 (\$881,795 in 2008) pertaining to additions to mineral properties. Included in the cash used in advances on contracts is \$62,718, (\$91,037 in 2008) pertaining to mineral properties.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**

March 31, 2009

(Unaudited)

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**8. Information included in consolidated cash flows (Continued)**

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

	2009	2008
	\$	\$
	<hr/>	<hr/>
Income taxes paid	-	-
Interest received	167,569	60,973

**9. Capital management**

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return to its shareholders. The Company's definition of capital includes all components of shareholders' equity. In order to meet its objectives the Company monitors its capital structure and makes adjustments as required. The Company is not subject to any externally imposed capital requirements.

**10. Commitments and Contingency**

Pursuant to the Tata agreement disclosed in Notes 6, if Tata exercises their option on either of the projects, then the Company is committed to pay financial advisors US\$6,263,615.

The Company has entered into long-term leases for premises amounting to \$619,493 and expiring by June 2012. The minimum payments until expiry are \$210,276 in the remainder of 2009, \$212,300 in 2010, \$196,917 in 2011 and \$90,000 in 2012.

The Company is committed through LabMag Limited Partnership to pay aggregate royalties of 2% of gross revenues from the mineral interests acquired in 2004.

**11. Financial Instruments****Fair value**

Fair value is the amount that willing parties would accept to exchange a financial instrument based on the current market for instruments with similar risks and remaining maturity.

The fair value of cash and cash equivalents and accounts payable and accrued liabilities approximate their carrying value due to their short-term maturities.

The fair value of the long-term investments is estimated by management based on the assumptions disclosed in Note 5.

The fair value of the treasury bills is determined by discounting expected future cash flows using interest rates of 0.34% (2008 - 0.83%), which represent the rate that the Company can obtain for treasury bills with similar terms and conditions and maturity dates.

The fair value of the GIC's is determined by discounting expected future cash flows using interest rates of 0.225% (2008 - 0.75%), which represent the rate that the Company can use for GIC with similar terms and conditions and maturity dates.

Sensitivity to an increase of 1% in rates for the treasury bills and GIC's would affect net loss by \$5,000 for the period ended March 31, 2009.

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**New Millennium Capital Corp.**  
**Notes to Interim Consolidated Financial Statements**

March 31, 2009

(Unaudited)

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**11. Financial Instruments** *(Continued)***Financial risk management objectives and policies**

In the normal course of operations, the Company is exposed to various financial risks. The Company's management manages financial risks.

The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

**Financial risks**

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

**Exchange risk**

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

At March 31, 2009, the Company had \$86,540 US in accounts payable and accrued liabilities which has been translated to Canadian dollars at the exchange rate on March 31, 2009. A \$0.01 increase or decrease in the USD/CAD exchange rate would result in a change to net loss of \$9,000.

**Interest rate risk**

The cash equivalents and term deposits 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 Company does not use derivative financial instruments to reduce its interest rate exposure.

**Liquidity risk**

Management serves to maintain sufficient amounts of cash and cash equivalents to meet commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of accounts payable and accrued liabilities are less than three months.

**Credit risk**

The Company manages credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and term deposits are held through one Canadian chartered bank and in government of Canada treasury bills and management believes the risk of loss to be remote. The Company's credit risk is presently attributable to the long-term investments (see Note 5).

## CORPORATE DIRECTORY

### Head Office

#### **New Millennium Capital Corp.**

140, 2723- 37 Avenue NE  
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Chairman: Lee Nichols

E-mail: [lee.nichols@terracon.ca](mailto:lee.nichols@terracon.ca)

### Executive Office

#### **New Millennium Capital Corp.**

1303 Green Avenue, Suite 400  
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President and CEO: Robert Martin

E-mail: [rmartin@nmlresources.com](mailto:rmartin@nmlresources.com)

### Directors and Officers

- Robert Martin, President, Chief Executive Officer and Director
- Lee C. G. Nichols, Chairman and Director
- Dean Journeaux, Chief Operating Officer and Director
- Roy H. Hudson, Secretary and Director
- John N. Schindler, Director
- Pierre Seccareccia, Director
- Narendra Kumar (NK) Misra, Director
- Arun Das Baijal, Director
- Mark Freedman, Interim Chief Financial Officer
- Bish Chanda, Senior Vice-President, Marketing & Strategy
- Moulaye Melainine, Vice President, Development
- Jean-Charles Bourassa, Vice-President, Mining

### Registrar and Transfer Agent

Inquiries regarding change of address, registered shareholders, share transfers, duplicate mailings and lost certificates should be directed to:

Valiant Trust Company  
310, 606 4th Street SW  
Calgary, Alberta T2P 1T1

Tel: (403) 233-2801

Fax: (403) 233-2857

Email inquiries: [valiant@telusplanet.net](mailto:valiant@telusplanet.net)

### Auditors

#### **Raymond Chabot Grant Thornton LLP**

Chartered Accountants

### Legal Counsel

#### **Davis LLP**

Barristers and Solicitors