MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Reference is made to the audited Consolidated Financial Statements of New Millennium Iron Corp. (**"NML"**, or **the "Company"**) for the year ended December 31, 2014 and the year ended December 31, 2013 ("**FYE 2013**"), upon which the following discussion is based. These Consolidated Financial Statements and the notes thereto have been prepared using accounting policies in compliance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("IASB").*

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

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward looking statements and forward looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "believe", "will", "may", "projected", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. In particular, this MD&A may contain forward looking statements relating to future opportunities, business strategies, mineral exploration, development and production plans and competitive advantages.

The forward looking statements regarding the Company are based on certain key expectations and assumptions of the Company concerning anticipated financial performance, business prospects, strategies, regulatory developments, exchange rates, tax laws, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, the actual results of exploration and development projects being equivalent to or better than estimated results in technical reports or prior activities, and future costs and expenses being based on historical costs and expenses, adjusted for inflation, all of which are subject to change based on market conditions and potential timing delays. Although management of the Company consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in the forward looking statements, including among other things: inability of the Company to continue meet the listing requirements of stock exchanges and other regulatory requirements, general economic and market factors, including business competition, changes in government regulations or in tax laws; general political and social uncertainties; commodity prices; the actual results of exploration, development or operational activities; changes in project parameters as plans continue to be refined; accidents and other risks inherent in the mining industry; lack of insurance; delay or failure to receive board or regulatory approvals; changes in legislation, including environmental legislation, affecting the Company; timing and availability of external financing on acceptable terms; conclusions of, or estimates contained in, feasibility studies, pre-feasibility studies or other economic evaluations; and lack of qualified, skilled labour or loss of key individuals; as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, along with the Company's annual information form, all of which are filed and available for review on SEDAR at www.sedar.com. Readers are cautioned that the foregoing list is not exhaustive.

The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this MD&A are made as of the date of this MD&A and the Company does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

With respect to the disclosure of historical resources in this MD&A that are not currently in compliance with National Instrument 43-101, a qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, the Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

OVERALL PERFORMANCE

Overview of Business

The Company controls the emerging Millennium Iron Range, located in the Province of Newfoundland and Labrador and in the Province of Québec, which holds one of the world's largest undeveloped magnetic iron ore deposits. In the same area, the Company and Tata Steel Limited ("Tata Steel"), one of the largest steel producers in the world, have advanced a Direct Shipping Ore ("DSO") Project to the production stage, and from which trial shipments have begun. Tata Steel owns approximately 26.2% of New Millennium and is the Company's largest shareholder and strategic partner.

Tata Steel exercised its exclusive option to participate in the DSO Project and has a commitment to take the resulting production. The DSO Project is owned and operated by Tata Steel Minerals Canada Limited ("TSMC"), which in turn is 80% owned by Tata Steel and 20% owned by NML. The DSO Project contains 98.9 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.3% Fe, 6.7 million tonnes of Inferred Resources at an average grade of 56.7% Fe and about 25.0 - 30.0 million tonnes of historical resources that are not currently in compliance with NI 43-101. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves, and as such the Company is not treating the historical estimate as current mineral resources or mineral reserves and the historical estimate should not be relied upon.

The Millennium Iron Range ("MIR") currently hosts two advanced projects: LabMag contains 3.5 billion tonnes of Proven and Probable Mineral Reserves at an average grade of 29.6% Fe plus 1.0 billion tonnes of Measured and Indicated Mineral Resources at an average grade of 29.5% Fe and 1.2 billion tonnes of Inferred Resources at an average grade of 29.3% Fe; KéMag contains 2.1 billion tonnes of Proven and Probable Mineral Reserves at an average grade of 31.3% Fe, 0.3 billion tonnes of Measured and Indicated Mineral Resources at an average grade of 31.3 % Fe and 1.0 billion tonnes of Inferred Resources at an average grade of 31.2% Fe. Tata Steel also exercised its exclusive right to negotiate and settle a proposed transaction in respect of the LabMag Project and the KéMag Project.

The Millennium Iron Range also hosts other taconite deposits.

The Lac Ritchie property is located at the north end of the Range. The initial 2011 drilling of 40 holes in this property revealed Indicated Mineral Resources of 3.330 billion tonnes at an average grade of 30.3% Fe, and Inferred Resources of 1.437 billion tonnes at an average grade of 30.9% Fe.

Two other taconite deposits are located south of the LabMag deposit in the Millennium Iron Range. The initial 2012 drilling of 23 holes in the Sheps Lake property and of 50 holes in the Perault Lake property revealed Indicated Mineral Resources of 3.580 billion tonnes at an average grade of 31.22% Fe, and Inferred Resources of 795 million tonnes at an average grade of 30.56% Fe.

The Howells Lake - Howells River North deposits are located between the LabMag and KéMag deposits, and evidence mineral continuity in the Range. The 2011 and 2012 drilling of 11 holes in the Howells River North property and of 45 holes in the Howells Lake property, revealed Indicated Mineral Resources of 7.631 billion tonnes at an average grade of 30.39% Fe, and Inferred Resources of 3.310 billion tonnes at an average grade of 29.83% Fe.

The Company's mission is to add shareholder value through the responsible and expeditious development of the Millennium Iron Range and other mineral projects to create a new large source of raw materials for the world's iron and steel industries.

RESULTS OF OPERATIONS

TSMC'S DSO PROJECT

The DSO Project is owned and operated by TSMC, which was established in 2010 and in which Tata Steel has an 80% interest and NML 20%.

Originally designed to produce 4.2 million tonnes per year of high grade sinter feed and pellet feed from a processing plant housed under a weather proof dome, the Project underwent a scoping change and is expected to supply not only those premium processed products on a year round basis as planned, but has also begun the seasonal production of sinter fines by way of a mining, crushing and dry screening operation.

Shipping of the crushed and screened DSO began in 2013 with trial cargoes to Tata Steel Europe and to China, and a further trial cargo was shipped to Tata Steel Europe in 2014. Initially, the DSO Project's sales are being carried out under a confidential agreement between TSMC and Iron Ore Company of Canada ("IOC") that calls for IOC to provide material handling and marketing services for a fee.

The process plant for higher grade products is expected to be commissioned in mid-2015. The targeted level for the combined product streams is 6 million tonnes per year, which TSMC aims to reach in 2016, and additional production options are being studied.

Activities in 2014

TSMC accelerated construction of the ore processing facilities following the 2013/14 winter period and considerable progress was made over the course of the year. The crushing and screening operation was further established, and the process plant for the production of higher grade fines was approximately 85% complete at year-end. TSMC also assembled a highly qualified operational readiness team to begin the plant's commissioning process.

An important achievement with respect to DSO Project logistics was completion and commissioning of the Genesee & Wyoming's KéRail spur line that services the DSO Project by providing the initial connection to the Tshiuetin Rail Transportation Inc. and Quebec North Shore and Labrador Railway ("QNS&L") lines, and eventually the Port of Sept-Îles. Final permitting for operation was received from the Canadian government during the fourth quarter.

The inaugural train from the Timmins operating site was loaded on November 2, 2014, with IOC's shipping terminal at Sept-Îles as the final destination. From there, the trial cargo was shipped to Tata Steel Europe.

Results of 2012 Drilling Program

On February 24, 2014, NML announced the results of the 2012 drilling program conducted on the DSO Project by TSMC. Three deposits were drilled in Area 4: Kivivic 1C, Kivivic 2 and Kivivic 5. The drilling consisted of 28 exploration and definition holes for a total of 1,387.3 meters resulting in a 23.45% increase in the Indicated resource estimate compared to the most recent resource estimate published in 2012. A gravity anomaly drilled is one of the 13 strong gravity anomalies outlined by a 2010 Airborne Magnetometer and Gravity survey and the follow up ground gravity survey.

Summary of Mineral Resource Estimate

The primary objective of the drilling program was to convert Inferred and historical resources to NI 43-101 compliant Indicated and Measured Mineral Resources. A summary of the Mineral Resource estimate, based on the additional 2012 drilling, is reported in the table below. The new estimate consists of approximately 98.9 million tonnes of Measured and Indicated Mineral Resources at an average grade of 59.3% Fe on a dry basis, and 6.7 million tonnes of Inferred Mineral Resources at an average grade of 56.7% Fe.

Summary of Updated Resource Estimate based on 2012 Drilling

(Using cut-off grades of Fe = >50%, SiO2 <18% and Mn <3.5%)

Resource Classification	Tonnes (millions) 2011 Drilling	Tonnes (millions) 2012 Drilling	% increase	% Fe	% SiO2	% MnO
Measured	26.5	26.5	0%	59.6	6.3	0.13
Indicated	58.6	72.4	23.5%	59.2	9.3	0.40
Total M+I	85.1	98.9	16.2%	59.3	8.5	0.33
Inferred	10.3	6.7	-34.9%	56.7	10.5	0.82

Results of 2012 Gravity Anomaly Drilling, Timmins Plant Area

The 2010 Airborne Magnetometer and Gravity survey outlined 50 strong gravity anomalies with coinciding weak magnetic anomalies within the properties held by TSMC in the Province of Quebec and the Province of Newfoundland and Labrador. The ground gravity survey carried out in the fall of 2011 and the summer of 2012, by Géosig Ltée of Québec, was to validate the locations of the airborne gravity anomalies on the ground. One gravity anomaly area, approximately 300 meters northwest of the Timmins DSO plant site was explored by drilling 7 test holes for a total of 216.4 meters. Seventy two (72) samples were collected and sent to Accurassay Laboratory in Thunder Bay, Ontario, for analysis. The assay results indicate that the iron formation is leached and enriched with a potential for the presence of a DSO deposit. This area needs to be fully explored by drilling.

The increase of NI 43-101 compliant Indicated resources gives TSMC the option to potentially increase mine life or consider a higher production rate, and the potential exists to discover additional DSO resources that could add to the current certified resources. Activity will focus on the vicinity of the Timmins process plant location as new discoveries in that area would provide benefits from shorter haulage distances.

Other

Also during 2014, TSMC continued to review the cost of completion for the DSO Project. A development plan for the Howse joint venture was also being prepared (see **TSMC's Howse Joint Venture** section below).

TSMC'S HOWSE JOINT VENTURE

On September 18, 2013, it was announced that TSMC had signed a number of inter-related definitive agreements with certain parties, including Labrador Iron Mines Holdings Limited ("LIM"), favourably impacting the DSO Project.

The agreements provide for the acquisition by TSMC of up to 70% of the Howse Deposit, the formation of a joint venture to develop the Howse Deposit, as well as access by rail of iron ore products from TSMC's DSO operation to LIM's Silver Yard facility, for further transport to the Port of Sept-Îles. TSMC expects to enjoy the benefit of cost synergies from the rationalization of various aspects of the respective iron ore operations of TSMC and LIM.

Under the Howse agreements, TSMC proceeded with the related activities expected to lead to improvements in operating efficiencies for the DSO Project.

An exploration program was carried out in two phases over 2013 and 2014. The program comprised 6273 meters of drilling in 57 boreholes, including 6 condemnation holes. Its main objective was to convert the Howse deposit's historical resources to NI 43-101 compliant mineral resources. In parallel, a hydrogeological drilling program and a preliminary geotechnical assessment report were also completed.

The work undertaken to date enables confirmation of the historical Howse resource and also provides information for mine planning to bring the deposit into production. At year end, a feasibility study on Howse was in progress.

TACONITE PROJECT

The Taconite Project involves development of either or both of the LabMag and KéMag deposits, each of which could support a large-scale iron ore pelletizing complex with capacity comparable to that of existing Labrador Trough producers, and a range of product qualities capable of servicing iron making through either the blast furnace or direct reduction route. Tata Steel is a partner in the $50 million Taconite Project Feasibility Study through a binding heads-of-agreement signed in March 2011.

Building on NML's and Tata's technical expertise, the Taconite Project plans state-of-the-art production assets and aims for a favourable position on the global cost curve for pellet producers. Natural advantages include a low stripping ratio and magnetite ore, which reduces energy costs in the pelletizing process. The Taconite Project would use large-scale, proven and technologically advanced equipment. When coupled with the full range of vessel sizes to be handled by the new multi-user dock under construction at Sept-Îles, Québec, in which both NML and TSMC are participants, the Taconite Project should be a highly competitive new source of supply for iron and steel makers worldwide.

The techno-economic results of the Feasibility Study were announced on March 27, 2014, and present a compelling case for a profitable, successful, long-term operation. The shared conclusion of NML and Tata Steel is that the results demonstrate Project viability, and together NML and Tata Steel are proceeding with addressing key parameters on a timely basis in order to complete remaining aspects of the Feasibility Study required to enable an investment decision by Tata Steel. These include working with governments on the selection of an appropriate Project scenario; completion of environmental assessment work, reviewing refined process models that would permit a ramp-up of production; improve operating expenditures and reduce initial capital costs; and update financial modeling to make the Project investor and lender ready.

Met-Chem Canada Ltd., Montreal, Québec, a qualified person, was engaged to compile a National Instrument 43-101 Technical Report on the Feasibility Study, and prepared reports for each of the LabMag and KéMag Project scenarios. These reports were filed on SEDAR in May 2014, and there were no material differences between the reports and the Study results announced in March.

EXPLORATION OF OTHER PROPERTIES

Beyond the DSO and Taconite projects, NML has further development potential through its other land holdings in the MIR, and exploration drilling and analysis has been carried out by NML to evaluate several taconite anomalies with new strategic partnerships in mind. This work confirms NML's prominent certified NI 43-101 resource holdings through not only LabMag and KéMag, but also other important MIR deposits presented in the table below.

NML – Millennium Iron Range Taconite Properties

Property	Resources Category, Million Tonnes		
	Proven & Probable	Measured & Indicated	Inferred
KéMag	2,384		1,007
LabMag	3,933	388	1,063
Lac Ritchie		3,330	1,437
Howells Lake-Howells River North		7,631	3,310
Sheps Lake		1,967	289
Perault Lake		1,612	507
Total	6,317	14,928	7,613

Note: NML owns 100% of the properties mentioned above except for LabMag, Howells River North and Sheps Lake, which are 80% owned through the Company's interest in LabMag Limited Partnership.

Also of significance is that the taconite formation occurring in this area of the MIR is a stratigraphic continuation of the LabMag deposit that connects to the KéMag deposit.

Lapse of Claims

In light of the significant magnitude of NML's certified resource properties, a strategic review was undertaken of the Company's mining claims and costs associated with maintaining them, and it was determined that a number of claims did not present any future economic value. Accordingly, NML has taken an impairment of $4.1 million on these claims reflecting the expenditures incurred on them, and this amount is recorded in the loss for 2014. The Company currently still has the rights to these claims, but is not expecting to exploit them in the future and their eventual release will not result in any loss to the resource base detailed in the previous table. Further details appear in the notes to the financial statements accompanying this report.

GENERAL CORPORATE AFFAIRS

Construction of New Multi-User Dock at Sept-Îles

As previously reported, NML and TSMC are investors in the new, multi-user iron ore loading dock at Pointe-Noire, Québec, in the Bay of Sept-Îles, along with the Canadian Government, the Port of Sept-Îles and other mining companies. TSMC plans to use the dock for DSO Project shipments and the facility would also be expected to service shipments from the Taconite Project.

Over the course of 2014, there was significant construction progress made on the dock itself as civil work was completed.

In early February 2015, the shiploaders to be mounted on the dock were delivered to Sept-Îles from China, where they were manufactured. Installation of the shiploaders and the commissioning process will take several months, and the dock is expected to be in service during the 2015 summer period.

Negotiations for access to the multi-user dock through land owned by third parties at Pointe-Noire are continuing. The process is being managed by the Sept-Ïles Port Authority and agencies of the Québec government.

Adoption of Advance Notice By-Law

On May 5, 2014, NML announced that its Board of Directors had approved the adoption of an advance notice by-law (the "By-law"), which requires advance notice to the Company in circumstances where nominations of persons for election as a director of the Company are made by shareholders other than pursuant to: (i) a requisition of a meeting made pursuant to the provisions of the *Business Companys Act* (Alberta) (the "ABCA"); or (ii) a shareholder proposal made pursuant to the provisions of the ABCA.

A resolution was passed adopting and confirming the By-law at NML's Annual General Meeting held June 25, 2014.

Management

On January 13, 2014, Mr. Robert Patzelt, Q.C. succeeded Mr. Dean Journeaux as NML's President and CEO and a Director of the Company. Mr. Patzelt was previously Senior Vice President, Corporate Development, of privately-held Scotia Investments Limited, based in Halifax, Nova Scotia. Mr. Journeaux remains on the Board of Directors as Executive Vice Chairman, assisting Mr. Patzelt in transitional matters and continuing to work with the NML technical team in the furtherance of the Taconite Project and in support of TSMC with the DSO Project.

Employee Restructuring

On October 28, 2014, NML announced a human resource restructuring plan which included a workforce reduction of 12 full-time employees, or approximately 38% of the Company's total 38 person workforce. The restructuring plan was both in response to difficult commodity market conditions and to better align

the Company's organizational structure with ongoing activities. The Company also adjusted other related costs as part of its budgeting process for 2015.

The Company's exploration program is largely complete and has established a substantial certified Taconite resource base, while TSMC's DSO Project organization is now in place. Combined with other cost-saving measures undertaken in 2014, the restructuring extends the Company's working capital for further work on the Taconite Project and new opportunities that may arise for the Company's other iron ore properties.

Board of Directors

On February 11, 2015, NML announced the appointment of Mr. Chanakya Chaudhary, Tata Steel Limited's Group Director – Corporate Communications & Regulatory Affairs, to its Board of Directors, succeeding Mr. Koushik Chatterjee. Mr. Chaudhary has extensive experience in Tata Steel raw materials and with establishing best practices across the Tata Group.

FINANCIAL CONDITION

The following discussion of the Company's financial performance is based on the audited Consolidated Financial Statements as of December 31, 2014 ("**financial statements**") set forth herein. As discussed in Note 2 to the financial statements, they are prepared in accordance with IFRS.

The significant accounting policies applied in the preparation of these financial statements are set out in Note 2 of the financial statements and have been consistently applied to all periods presented.

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 audited Consolidated Statement of Financial Position as of December 31, 2014 indicates cash and cash equivalents of $5,393,000, short-term investments of $17,835,000, sales taxes, other receivables and prepaid expenses of $2,370,000 and the current portion of tax credits and mining duties receivable of $6,514,000 resulting in total current assets of $32,112,000, a decrease of $6,005,000 from December 31, 2013. The non-current assets are comprised of long-term portion of tax credits and mining duties receivable of $784,000, mineral exploration and evaluation assets of $60,240,000, property and equipment of $482,000, deposits on contracts of $232,000, long-term investments in TSMC of $36,672,000 and other assets of $38,503,000. The total assets are $169,025,000 which is a decrease of $7,862,000 from FYE 2013.

The Company's current liabilities at December 31, 2014 are its trade and other payables of $2,554,000, and advance from Tata Steel of $687,000 for a total of $3,241,000, an increase of $415,000 from FYE 2013. Non-current liabilities consist of an amount due to Naskapi/LabMag Trust of $285,000 for total liabilities of $3,526,000, which is an increase of $415,000 from FYE 2013. Equity attributable to shareholders of the Company is $165,260,000, a decrease of $8,277,000 from FYE 2013, and is comprised of share capital of $177,584,000, contributed surplus of $21,941,000, less the deficit of $34,265,000. The non-controlling interest is $238,000 which remains unchanged from FYE 2013, for a total equity of $165,498,000.

During the year the Company's cash and cash equivalents and short term investments were used to pay for its trade and other payables. Since the Company did not have any capital injection during the year, the portion of the payments relating to the current and prior years' operating loss results in a decline in the Company's total current assets and total assets from FYE 2013 to FYE 2014.

For the year ended December 31, 2014, the Company realized a net loss of $10,705,000, or $0.06 per share, compared to a net loss of $7,721,000 or $0.04 per share for the comparative period in 2013. This loss includes general and administrative expenses of $7,417,000, (2013 - $8,642,000) and an impairment of mineral exploration and evaluation assets of $4,133,000 (2013 - $Nil), net of investment income of

$845,000 (2013 - $684,000). The decrease in the year's general and administrative expenses is mainly due to the following: a decrease in stock-based compensation expense from $4,063,000 in 2013 to $2,041,000 in 2014 partially offset by a decline in service fee revenue from $236,000 in 2013 to $Nil in 2014. The impairment of mineral exploration and evaluation assets is described in further detail in Note 10 of the financial statements and elsewhere in this MD&A.

The Company expects to continue incurring losses until it begins receiving dividends from TSMC. These losses are expected to be funded by the current cash, investments and then if necessary, through equity financing or debt financing or investments by strategic partners.

All costs associated with mineral properties, totaling $60,240,000 as outlined in Note 10 to the December 31, 2014 financial statements, have been classified as mineral exploration and evaluation assets. The expenditures are divided between the properties as follows: LabMag Property $28,683,000, KéMag Property $17,327,000, Howells Lake-Howells River North Properties $5,082,000, Perault Lake Property $5,082,000, Lac Ritchie Property $2,458,000, Sheps Lake Property $1,280,000 and Other Properties $328,000. The cost centers for these capitalized expenditures are: mineral licenses $2,597,000, drilling $32,209,000, resource evaluation $40,280,000, environmental $19,162,000, and amortization of property and equipment $109,000. These expenditures are partially offset by tax credits and mining duties of $12,914,000 and the Tata Steel payments of $21,203,000. The non-controlling interest of $238,000 relates to LabMag Limited Partnership whose main property is the LabMag Property. The carrying value of the mineral exploration and evaluation assets are reviewed by the Company on a quarterly basis by reference to the project economics, including the timing of the exploration and evaluation work, the work programs and exploration results achieved by the Company. As discussed above, at December 31, 2014, the Company identified properties with claims showing no future economic value and recorded an impairment of mineral exploration and evaluation assets of $4,133,000 based on costs incurred in respect of these claims. The impairments were recorded $4,077,000 for Other Properties, $44,000 for the Lac Ritchie Property, $9,000 for the Perault Lake Property and $3,000 for the Sheps Lake Property.

As at December 31, 2014, the deferred tax assets, which arise as a result of applying the capital and non-capital losses carried forward to taxable income, have not been recognized in the accounts due to the uncertainty regarding their utilization.

Annual Information

The following table shows selected annual information for the Company derived from the Company's Financial Statements for the last three completed financial years.

Item	December 31, 2014	December 31, 2013	December 31, 2012
Investment income	845,000	684,000	1,092,000
Net loss	(10,705,000) [(2)]	(7,721,000)	(9,062,000)
Loss per share [(1)]	(0.06)	(0.04)	(0.05)
Total assets	169,025,000	176,887,000	189,364,000
Long-term liabilities	285,000	285,000	285,000
Dividends	Nil	Nil	Nil

(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 for all periods.
(2) The December 31, 2014, Net loss includes an impairment of mineral exploration and evaluation assets in the amount of $4,133,000 for which there was no corresponding amount in the Company's other financial years.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company for the eight quarters ended December 31, 2014. This information is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim consolidated financial statements are prepared in accordance with IFRS and expressed in Canadian dollars.

	Dec-14	Sept-14	Jun-14	Mar-14	Dec-13	Sept-13	Jun-13	Mar-13
Investment Income	191,000	186,000	186,000	282,000	120,000	142,000	228,000	194,000
Net Loss	(5,681,000)	(1,472,000)	(1,817,000)	(1,735,000)	(1,609,000)	(1,856,000)	(2,255,000)	(2,001,000)
Loss per Share[(1)]	(0.03)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)

(1) The effect of the exercise of stock options would be anti-dilutive for the purposes of calculating the fully diluted earnings per share for all periods.

Fourth Quarter Results

The most significant items comparing the results of operations in the fourth quarter of 2014 versus the same period in 2013 is an impairment of mineral exploration and evaluation assets of $4,133,000 in Q4 2014 for which there was no such impairment in Q4 2013 and general and administrative expenses which decreased to $1,714,000 in Q4 2014 from $1,761,000 in Q4 2013.

The most significant items affecting general and administrative expenses are an increase in office and administrative expenses from $582,000 in Q4 2013 to $984,000 in Q4 2014 and an increase in professional fees from $188,000 in Q4 2013 to $383,000 in Q4 2014. This increase is offset by a decrease in share-based compensation to $192,000 in Q4 2014 for which the corresponding expense in Q4 2013 is $769,000. The increase in investment income from $120,000 in Q4 2013 to $191,000 in Q4 2014 is due to the loan receivable from TSMC which bears interest at US LIBOR + 6.5% per annum. The service fee revenue has ceased as TSMC is utilizing their own team instead of NML resources.

As a result, the Company's net loss for the fourth quarter ended December 31, 2014 totalled approximately $5,681,000 (loss of $0.03 per share) compared to a net loss of approximately $1,609,000 (loss of $0.01 per share) for the comparative period in 2013.

Use of Accounting Estimates and Judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis.

Please refer to Note 3 of the financial statements for an extended description of the information concerning the Company's significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses.

Changes in Accounting Policies Including Initial Adoption

The information is provided in Note 4 of the financial statements.

Financial Instruments

All financial instruments are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transaction costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value. Financial assets are derecognized when the contractual right to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred.

An extended description of the Company's financial instruments and their fair values is provided in Note 18 of the financial statements.

Financial Risk Management, Objectives and Policies

In the normal course of operations, the Company is exposed to various financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. Please refer to Note 19 of the financial statements for an extended description of the Company's financial risks, objectives and policies.

Capital Management Policies and Procedures

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return 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 in light of changes in economic conditions and the risks characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue common shares or securities convertible or exercisable into common shares. No changes were made in the objectives, policies and processes for managing capital during the year ending December 31, 2014. The Company is not subject to any externally imposed capital requirements.

Liquidity and Capital Resources

Working Capital

Working capital at December 31, 2014 of $28,871,000 represents a decrease of $6,420,000 from the FYE 2013 total of $35,291,000. This decrease in working capital is due to the Company's usage of cash and cash equivalents and short-term investments for the Company's investment in the exploration and evaluation of its mineral assets as well as funding its operational loss for the year. Such amounts were only partly offset by the increase in the short-term portion of tax credits and mining duties receivable.

The Company's working capital has been mainly invested in cash and guaranteed investment certificates with relatively short maturities all either issued by or guaranteed by Canadian Federal and Provincial governments or their crown corporations. These investments have been classified as short-term investments. The Company intends to use a portion of its cash and cash equivalents and short-term investments in order to fund its portion of the Taconite Feasibility Study, to fulfill assessment work required to maintain claims and pay future corporate operating expenses.

During the year, the Company incurred $3,234,000 ($6,997,000 in 2013) of capitalized mineral exploration and evaluation asset expenditures, net of Quebec tax credits, Quebec mining duties and payments made by Tata Steel that are in exchange for their option to acquire an interest in the Taconite Project.

Capital Expenditures

There was $2,000 in capital expenditures during 2014 compared to $393,000 in 2013.

Capital Resources

At December 31, 2014, NML has paid up capital of $177,584,000 (FYE 2013 - $176,947,000) representing 181,054,000 (FYE 2013 – 180,009,000) common shares, contributed surplus of $21,941,000 (FYE 2013 - $20,150,000) a deficit of $34,265,000 (FYE 2013 - $23,560,000) resulting in total equity attributable to shareholders of the Company of $165,260,000 (FYE 2013 - $173,537,000). In addition, there is a non-controlling interest of $238,000 (FYE 2013 – $238,000) resulting in total equity of $165,498,000 (FYE 2013 - $173,775,000).

Commitments

Please refer to Note 23 of the financial statements for a summary of the Company's commitments.

Transactions with Related Parties

Please refer to Note 21 of the financial statements for a summary of the Company's transactions with related parties and the related period end balances.

Controls and Procedures Over Financial Reporting

In compliance with the Canadian Securities Administrators' National Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") that, among other things, report on the design and effectiveness of disclosure controls and procedures, and the design and effectiveness of internal control over financial reporting.

Disclosure Control and Procedures

The CEO and the CFO have designed disclosure controls and procedures, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company has been made known to them; and
- information required to be disclosed in the Company's filings is recorded, processed, summarized and reported within the time periods specified in securities legislation.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and effectiveness of the disclosure controls and procedures. Based on this evaluation, the CEO and the CFO concluded that the disclosure controls and procedures are effective as at December 31, 2014.

Internal Control over Financial Reporting

The CEO and the CFO have also designed internal control over financial reporting, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for financial reporting purposes in accordance with IFRS.

Management, including the CEO and CFO, does not expect that our internal controls and procedures over financial reporting will prevent all error and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts, by collusion of two or more people, or by management override of the control. The design of any system of controls is partially based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving our stated goals under all potential future conditions. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

An evaluation was carried out, under the supervision of the CEO and the CFO, of the design and operating effectiveness of our internal control over financial reporting. Based on this evaluation, the CEO and the CFO concluded that the internal controls over financial reporting are effective as at December 31, 2014, using the criteria set forth by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission on Internal Control – Integrated Framework.

Changes to Internal Control over Financial Reporting

No changes were made to our internal control over financial reporting during the year ended December 31, 2014, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MARKET REVIEW

According to the World Steel Association's ("WSA") statistics, world crude steel production in its 65 reporting countries was 1.662 billion metric tons ("Mt") for the year 2014, which represented an increase of 1.2% over 2013. The most significant rate of growth was in the Middle East, while North America, the European Union (28) and Asia also registered growth, albeit at more modest rates. Crude steel production in South America and the CIS decreased from 2013 levels.

China's crude steel production in 2014 was 822.7 Mt, an increase of only 0.9% over 2013, while its share of world production at 49.5% was similar to that in 2013. A record level of steel exports enabled China to avoid an absolute drop in production.

The overall reporting countries' crude steel capacity utilization rate at December 2014 was 72.7%, which was 2.4% lower than a year earlier. The average capacity utilization in 2014 was 76.7%, compared to 78.4% in 2013, and so remains an issue for the industry globally.

Looking ahead, the WSA's latest, semi-annual *Short Range Outlook* released on October 6, 2014, was subdued, reflecting the slowdown in China's steel demand and a weaker than expected performance in the emerging and developing economies, although there has been some offset from recovery in apparent steel use (ASU) in developed economies such as the EU, the United States and Japan. For 2015, the WSA forecasts a 2.0% increase in World ASU with modest growth overall in developed economies, some recovery in developing economies and limited growth in China as the ongoing rebalancing of its economy holds back steel demand. The WSA also points to risk factors stemming from unresolved structural issues in developing economies, geo-political tensions and cautious financial markets.

Iron ore pricing as measured by the 62% Fe Fines CFR China reference began 2014 at US$130 per tonne and dropped precipitously to $70 per tonne by year-end, reflecting the widely reported new fines production from Australia, coupled with China's inability to absorb this additional supply increment (as it could in 2013) owing to its slowdown in demand. With more supply still coming on stream, this situation is carrying forward into 2015, and junior miners and higher cost operations are being especially hard hit.

As was the case in 2013, the price premiums paid for direct charge material – lump and pellets – held up relatively well despite the reference price drop, showing that the pellet segment targeted by NML's Taconite Project, while not immune, has different supply/demand dynamics from the overall iron ore market with blast furnace steelmakers increasing pellet usage for both environmental and productivity reasons, and direct reduced iron making providing organic growth.

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 as of December 31, 2014: The Company has 181,054,146 common shares issued ($177,584,512).

(c) Issued as of March 24, 2015: The Company has 181,054,146 common shares issued ($177,584,512).

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.

As of March 24, 2015, there were 16,078,000 common shares reserved for issuance pursuant to the exercise of stock options (December 31, 2014 – 16,466,500) as follows:

Number of Outstanding Options	**Exercise Price**	**Expiry Date**
2,932,500	$0.90	June 30, 2015
36,000	$0.87	August 31, 2015
42,000	$3.52	February 8, 2016
2,890,000	$3.36	April 1, 2016
175,000	$3.16	April 29, 2016
52,000	$2.48	May 16, 2016
32,000	$2.48	July 18, 2016
135,000	$1.65	November 1, 2016
110,000	$1.16	November 28, 2016
350,000	$1.43	December 6, 2016
160,000	$1.23	December 20, 2016
37,000	$1.72	January 11, 2017
70,000	$2.02	January 24, 2017
65,000	$2.08	April 5, 2017
56,000	$2.03	April 16, 2017
3,315,000	$1.35	July 27, 2017
200,000	$1.57	October 4, 2017
52,000	$1.62	January 8, 2018
2,407,500	$0.89	April 24, 2018
535,000	$0.42	March 31, 2019
2,147,500	$0.44	May 21, 2019
228,500	$0.39	June 16, 2019
50,000	$0.31	September 2, 2019

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 has determined a project construction and operation plan based on best available knowledge and with certain assumptions that will enable it to initiate work and enter into contracts. Events outside the control of the Company, such as funding or permit approvals as examples, may adversely affect these plans and result in delays for construction and for start of operations.

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 will need to be generated on site. Due to its location, weather events may cause disruptions or other difficulties in operations.

Certain of the Company's properties are 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. Furthermore, provincial and federal legislators may enact laws or budgets that have a negative impact on this project or on the mining industry as a whole.

The Company is actively engaged in including First Nations participation in the project and expects to enter into agreements with these First Nations. Although such agreements are not mandatory, failure to agree may result in disruption to the project execution or operations.

Volatile 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. 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; however renewed exploration and development activity may result 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 price of iron ore and other commodities reflects the aforementioned market volatility. 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 extreme price and volume volatility. The market price of securities of many early stage companies 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 Toronto Stock Exchange may be affected by such volatility.

Tata Steel has exercised its option to participate in the DSO Project and pursuant to the terms of the JVA Tata Steel has an obligation to fund development of the DSO Project. However, in order to develop the DSO Project to commercial production, additional third party financing may be required and there is no assurance that such financing will be available on reasonable commercial terms, or at all.

In addition, the Company may receive cash calls from TSMC to invest additional amounts by equity or debt in the DSO Project to fund capital and operating costs of TSMC. If the cash calls cannot be met, the interest of the Company in TMSC and the DSO Project may be diluted.

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 contained in the 2014 Annual Information Form dated March 24, 2015 filed on SEDAR at www.sedar.com.

ADDITIONAL INFORMATION

For further information, please visit www.NMLiron.com, www.tatasteel.com, www.tatasteelcanada.com, www.tatasteeleurope.com and on SEDAR at www.sedar.com

Dean Journeaux, Eng., and Thiagarajan Balakrishnan, P. Geo., are the Qualified Persons as defined in National Instrument 43-101 who have reviewed and verified the scientific and technical mining disclosure contained in this MD&A.

New Millennium Iron Corp.
Audited Consolidated Financial Statements
December 31, 2014

Financial Statements

Independent Auditors' Report	2-3
Consolidated Statement of Financial Position	4
Consolidated Statement of Comprehensive Income	5
Consolidated Statement of Changes in Equity	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8 - 41

Raymond Chabot Grant Thornton

Independent Auditor's Report

Raymond Chabot Grant Thornton LLP
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Quebec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

To the Shareholders of
New Millennium Iron Corp.

We have audited the accompanying consolidated financial statements of New Millennium Iron Corp., which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements

in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of New Millennium Iron Corp. as at December 31, 2014 and 2013 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Raymond Chabot Grant Thornton LLP[1]

Montreal (Canada)
March 24, 2015

---

[1] CPA auditor, CA public accountancy permit no. A126822

New Millennium Iron Corp.

Consolidated Statement of Financial Position

December 31, 2014 and 2013

(Expressed in Canadian Dollars)

	2014 $	2013 $
ASSETS		
Current assets		
Cash and cash equivalents (Note 5)	5,392,697	964,965
Short-term investments (Note 6)	17,835,543	29,373,664
Sales taxes, other receivables and prepaid expenses (Note 7 and 21)	2,369,574	1,792,192
Tax credits and mining duties receivable	6,514,079	5,986,478
	32,111,893	38,117,299
Non-current assets		
Tax credits and mining duties receivable	784,268	2,002,495
Deposits on contracts	231,448	263,773
Other assets (Note 8)	38,502,545	38,502,545
Long-term investments (Note 9)	36,672,378	36,242,605
Mineral exploration and evaluation assets (Note 10)	60,239,629	61,138,078
Property and equipment (Note 11)	482,363	620,132
Total assets	169,024,524	176,886,927
EQUITY AND LIABILITIES		
LIABILITIES		
Current liabilities		
Trade and other payables (Note 12)	2,553,520	2,125,106
Advance from Tata Steel (Note 10 and 21)	687,128	700,975
	3,240,648	2,826,081
Non-current liabilities		
Due to NNK Trust (Note 13)	285,324	285,324
Total liabilities	3,525,972	3,111,405
EQUITY		
Share capital (Note 14)	177,584,512	176,947,062
Contributed surplus	21,940,689	20,150,223
Deficit	(34,265,000)	(23,560,114)
Equity attributable to shareholders of the parent Company	165,260,201	173,537,171
Non-controlling interest	238,351	238,351
Total equity	165,498,552	173,775,522
Total liabilities and equity	169,024,524	176,886,927

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

These consolidated financial statements were approved and authorized for issue by the Board of Directors on March 24, 2015 and signed on their behalf by:

/S/ Robert Patzelt
Director

/S/ Pierre Seccareccia
Director

New Millennium Iron Corp.

Consolidated Statement of Comprehensive Income

Year ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
	$	$
Service fee revenue	-	235,586
Expenses		
General and administrative (Note 15)	7,416,883	8,642,288
Impairment of mineral exploration and evaluation assets (Note 10)	4,132,607	–
Loss before other items	(11,549,490)	(8,406,702)
Other items		
Other income	–	2,050
Investment income	844,604	683,655
	844,604	685,705
Net loss and comprehensive loss	(10,704,886)	(7,720,997)
Attributable to:		
Non-controlling interest	–	–
Shareholders of the parent Company	(10,704,886)	(7,720,997)
Loss per share - basic and diluted (Note 17)	(0.06)	(0.04)

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

New Millennium Iron Corp.

Consolidated Statement of Changes in Equity

Year ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	Share Capital				**Total Attributable to**	Non	
	Number of Shares Issued and Fully Paid	Amount $	Contributed Surplus $	Deficit $	**Shareholders of the parent Company $**	Controlling Interest $	**Total Equity $**
Balance at January 1, 2013	**179,221,646**	**175,877,147**	**16,531,035**	**(15,839,117)**	**176,569,065**	**238,351**	**176,807,416**
Net loss	-	-	-	(7,720,997)	(7,720,997)	-	**(7,720,997)**
Share-based remuneration (Note 14)							
- employees and directors	-	-	3,596,543	-	3,596,543	-	**3,596,543**
- consultants	-	-	466,365	-	466,365	-	**466,365**
Share capital repurchased and cancelled (Note 14)	(220,000)	(216,260)	46,480	-	(169,780)	-	**(169,780)**
Exercise of stock options (Note 14)	1,007,500	1,286,175	(490,200)	-	795,975	-	**795,975**
Balance at December 31, 2013	**180,009,146**	**176,947,062**	**20,150,223**	**(23,560,114)**	**173,537,171**	**238,351**	**173,775,522**
Net loss	-	-	-	(10,704,886)	(10,704,886)	-	**(10,704,886)**
Share-based remuneration (Note 14)							
- employees and directors	-	-	1,692,927	-	1,692,927	-	**1,692,927**
- consultants	-	-	348,339	-	348,339	-	**348,339**
Exercise of stock options (Note 14)	1,045,000	637,450	(250,800)	-	386,650	-	**386,650**
Balance at December 31, 2014	**181,054,146**	**177,584,512**	**21,940,689**	**(34,265,000)**	**165,260,201**	**238,351**	**165,498,552**

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

New Millennium Iron Corp.

Consolidated Statement of Cash Flows

Year ended December 31, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(10,704,886)	(7,720,997)
Adjustments for:		
Share-based remuneration		
- Employees and directors	1,692,927	3,596,543
- Consultants	348,339	466,365
Depreciation of property and equipment	75,205	215,528
(Gain) loss on disposal of property and equipment	(3,905)	11,651
Investment income	(844,604)	(683,655)
Impairment of mineral exploration and evaluation assets (Note 10)	4,132,607	–
	(5,304,317)	(4,114,565)
Net change in working capital items (Note 20)	38,502	703,006
Cash flows used by operating activities	(5,265,815)	(3,411,559)
CASH FLOW FROM INVESTING ACTIVITIES		
Net redemption of short term treasury bills and GIC's	11,528,283	5,896,184
Redemption of bonds and GIC's with maturities over one year	–	23,886,666
Interest received	424,671	859,270
Deposits on contracts	(82,040)	(180,708)
Acquisition of property and equipment	(1,660)	(393,008)
Proceeds on disposition of property and equipment	7,500	6,500
Increase in other assets (Note 8)	–	(19,248,822)
Decrease in advance from Tata Steel	(13,847)	(3,815,325)
Increase in loan receivable TSMC (Note 9)	–	(4,700,000)
Tax credits and mining duties received	1,250,030	4,216,747
Additions to mineral exploration and evaluation assets	(5,921,950)	(15,837,385)
Allocation of Tata Steel payment to mineral exploration and evaluation assets	2,115,910	4,545,234
Cash flows provided by (used by) investing activities	9,306,897	(4,764,647)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of common shares	386,650	795,975
Purchase of treasury shares	–	(169,780)
Cash flows provided by financing activities	386,650	626,195
Net increase (decrease) in cash and cash equivalents	4,427,732	(7,550,011)
Cash and cash equivalents, beginning of year	964,965	8,514,976
Cash and cash equivalents, end of year (Note 5)	5,392,697	964,965

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

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

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

The address of the Company's executive office is 2nd floor, 1303 Greene Avenue, Westmount, Quebec, H3Z 2A7 and its head, registered and records office is 1000, 250 – 2nd Street SW, Calgary, Alberta, T2P 0C1.

2 - SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The significant accounting policies that have been applied in the preparation of these consolidated financial statements are summarized below and are those specified by IFRS that are in effect at December 31, 2014. These accounting policies have been used throughout all periods presented in the consolidated financial statements.

Basis of presentation

The consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to realize its assets, and discharge its liabilities in the normal course of operations.

Basis of measurement

The consolidated financial statements are prepared using the historical cost basis, except for certain financial instruments that are recognized at fair value. These consolidated financial statements are presented in Canadian dollars ($), which is also the Company's functional currency and the functional currency of each of its subsidiaries.

Basis of consolidation

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

Entity	Principal activity	Country of incorporation and residence	Proportion of ownership interest and voting power held
LabMag Services Inc.	Provision of services to LLP	Canada	100%
LabMag GP Inc. ("GP")	General partner of LLP	Canada	80%
LabMag Limited Partnership ("LLP")	Exploration and evaluation of the LabMag property	Canada	80%
Pointe Noire Logistics Inc.	Inactive	Canada	100%
Ferroduct Inc.	Inactive	Canada	100%

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition or up to the effective date of disposal, as applicable.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in bank and other short-term highly liquid investments having original maturities of three months or less from the acquisition date and that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Mineral exploration and evaluation assets

The Company is in the process of exploring and evaluating its mineral properties. The costs of exploration for and evaluation of mineral resources are capitalized as intangible assets pending the determination of the technical feasibility and commercial viability of extracting those resources and recovering the capitalized costs. The recoverability of amounts capitalized as exploration and evaluation assets 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, the maintenance of the Company's interest in the underlying mining titles and compliance with filing obligations, and upon future profitable production of these reserves or the receipt of sufficient proceeds from the disposition thereof.

Exploration and evaluation assets include the cost of acquiring mineral rights and expenses directly related to the exploration for and evaluation of mineral resources. These costs are recognized as intangible assets and are carried at cost less related tax and mining credits on duties and any impairment loss recognized.

Pending the determination of the technical feasibility and commercial viability of extracting a mineral resource, the Company capitalizes mineral exploration and evaluation costs on an area of interest basis for activities directly attributable to:

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

- Costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects;
- Researching and analyzing existing exploration data;
- Conducting geological studies
- Exploratory drilling and sampling;
- Examining and testing extraction and treatment methods;
- Environmental assessments of the impact of the potential extraction and processing of the mineral resource; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Costs incurred before the legal right to undertake exploration and evaluation activities on a property are recognized in profit or loss when incurred.

The accessory revenues earned over the exploration and evaluation period are recognized in profit or loss.

Mineral exploration and evaluation assets are not depreciated during the evaluation and exploration phase.

When technical feasibility and commercial viability of extracting a mineral resource are demonstrable, exploration and evaluation assets of the related mining property are transferred to mining assets under construction within property and equipment.

If and when exploration and evaluation assets are reclassified as mining assets under construction, they are first tested for impairment and any impairment loss is recognized in profit or loss.

Whenever a mining property is considered no longer viable, or is abandoned, the related mineral exploration and evaluation assets are written down to their recoverable amounts and the difference is recognized immediately in profit or loss.

The cost of mineral exploration and evaluation assets that are acquired by exchanging other non-monetary assets is measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measurable. When the acquired asset is not measured at fair value, its cost is measured at the carrying amount of the asset given up.

Tax credits and mining credits on duties

Tax credits and mining credits on duties are recognized as a reduction of the mineral exploration and evaluation assets during the period in which the costs are incurred, provided that the Company is reasonably certain the amounts will be received. The tax credits and mining credits on duties claimed and recorded must be examined and approved by the government authorities so it is possible that the amount granted will differ from the amount recorded.

Property and equipment

Upon transfer of exploration and evaluation assets to mining assets under construction within property and equipment, all subsequent expenditures on the construction, installation or completion of infrastructure facilities are capitalized within mining assets under construction. When the development stage is completed, all assets included in mining assets under construction are then transferred to mining assets and depreciated over the expected productive lives of the assets.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment are carried at cost less accumulated depreciation and any impairment losses. Depreciation is recognized on a straight-line basis over the estimated useful life of the property and equipment. The periods generally applicable are as follows:

	Period
Office furniture and equipment	18 to 60 months

The amortization expense for each period is recognized in profit or loss, within general and administrative expense, except for certain items of property and equipment related to exploration and evaluation activities where the amortization expense is included in the carrying amount of a mineral exploration and evaluation asset when it relates to a specific exploration and evaluation project. Depreciation of an asset ceases when it is classified as held for sale (or included in a disposal group that is classified as held for sale) or when it is derecognized. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting period, and adjusted if appropriate. Any changes arising from the assessment are applied by the Company prospectively.

Assets held for sale

Evaluation and exploration assets and disposal groups of such assets that are expected to be recovered primarily through sale rather than through continuing use, and for which sale within 12 months is highly probable, are classified as held for sale and presented separately in the statement of financial position.

Assets (or disposal groups) classified as “held for sale” are measured at the lower of their carrying amount and fair value less costs to sell. Notwithstanding, that financial assets and deferred tax assets in a disposal group classified as held for sale, continue to be measured in accordance with the Company’s accounting policy for those assets. Impairment losses for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Assets classified as “held for sale” are not depreciated subsequent to their classification as “held for sale”.

Income taxes

Income tax expense consists of the sum of current and deferred tax expense. Income tax expense is recognized in profit or loss except when they relate to items that are recognized outside profit or loss (i.e. directly in equity or other comprehensive income).

Current income tax expense is the expected tax payable on the taxable profit or loss for the period which differs from profit or loss in the consolidated financial statements, using tax rates enacted or substantively enacted at the reporting date, adjusted for amendments to tax payable with regards to previous years.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to current or prior reporting periods.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax on temporary differences associated with investments in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are always provided for in full.

A deferred tax asset is only recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that all or part of the related tax benefit will be realized. To the extent that an asset not previously recognized fulfills the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as deferred income tax expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

When the Company has renounced its tax deductions and has incurred its eligible expenditures, the sale of tax deductions is recognized in profit or loss as a reduction of deferred tax expense and a deferred tax liability is recognized for the taxable temporary difference that arises from the difference between the carrying amount of eligible expenditures capitalized as an asset and its tax base.

Loss per share

Basic income (loss) per share is calculated by dividing the income or loss attributable to the shareholders of NML by the weighted average number of common shares outstanding during the period.

Diluted income (loss) per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares.

Diluted income (loss) per share is calculated by adjusting income or loss attributable to shareholders of NML, and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation considers that dilutive common shares are deemed to have been converted into common shares at the beginning of the period or, if later, at the date of potential issuance of the common shares.

For the purpose of calculating diluted income or loss per share, an entity shall assume the exercise of dilutive options and warrants of the entity. The assumed proceeds from these instruments shall be regarded as having been received from the issue of common shares at the average market price of common shares during the period.

For 2014 and 2013, the diluted loss per share is equal to the basic loss per share as a result of the anti-dilutive effect of the outstanding options as explained in Note 17.

Equity

Share capital represents the amount received on the issue of shares, less issuance costs net of any underlying income tax benefit from these issuance costs.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Proceeds from unit placements are allocated between shares and warrants issued using the residual method. Proceeds are first allocated to shares according to the quoted price of existing shares at the time of issuance and any residual in the proceeds is allocated to warrants.

Issuance of flow-through shares represents in substance an issue of common shares and the sale of the right to tax deductions to the investors. When the flow-through shares are issued, the sale of the right to tax deductions is deferred and presented as other liabilities in the statement of financial position. The proceeds received from flow-through placements are allocated between share capital and the liability using the residual method which means that the shares are valued at fair value of existing shares at the time of issuance and the residual proceeds are allocated to the liability. The liability component recorded initially on the issuance of shares is reversed on renunciation of the right to deductions to the investors and when eligible expenses are incurred and recognized in profit or loss in reduction of deferred income tax expense.

Contributed surplus includes charges related to share options and warrants until such equity instruments are exercised, at which point the amounts are transferred to share capital.

When shares are purchased for cancellation, the carrying amount of the shares is recognized as a deduction from share capital. The difference between the purchase price and the carrying amount of the shares is charged to contributed surplus.

Share capital to be issued represents the value of goods and services received during the reporting period for which payment was to be made in the form of shares that were issued subsequent to the financial reporting date.

Deficit includes all current and prior period retained income and losses.

Non-controlling interest consists of the subsidiaries' equity that the Company does not hold directly or indirectly.

Share-based payments

The Company operates an equity settled share-based remuneration plan. All goods and services received in exchange for the grant of any share-based payments are measured at their fair values unless that fair value cannot be estimated reliably. If the entity cannot estimate reliably the fair value of the goods or services received, the entity shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees and third parties providing similar services are rewarded using share-based payments, the fair value of the services rendered by the party is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions, is determined using the Black-Scholes valuation model and is recognized over the vesting period of such options at each reporting date up to the vesting date or the expected vesting period when options vest only if certain performance criteria is met. The estimate of the number of the awards likely to vest is reviewed and adjusted to reflect the actual awards issued. Any cumulative adjustment prior to vesting is recognized in the current period in profit or loss with a corresponding adjustment to contributed surplus.

The compensation expense for the period is recognized in General and Administrative expenses, with a corresponding adjustment to contributed surplus. Share-based payment to the agents in respect of an equity financing are recognized as issuance cost of the equity instruments with a corresponding credit to contributed surplus.

When directors, officers, employees and consultants exercise their share options, the share capital is credited by the sum of the consideration paid together with the related portion previously credited to contributed surplus when compensation expenses were charged in profit or loss.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

All financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are initially measured at fair value plus transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial instruments are classified into the following categories upon initial recognition:

– loans and receivables;
– financial assets at fair value through profit or loss ("FVTPL");
– held-to-maturity investments ("HTM");
– available-for-sale financial assets;
– financial liabilities at fair value through profit or loss
– financial liabilities at amortized cost

The Company's financial instruments are classified and measured as follows:

Financial asset/liability	Category	Subsequent measurement
Cash and cash equivalents	Loans and receivables	Amortized cost
Short-term investments	Financial assets FVTPL or HTM	Fair value - HFT Amortized cost - HTM
Other receivables	Loans and receivables	Amortized cost
Loan receivable, TSMC	Loans and receivables	Amortized cost
Long-term investment, TSMC	Available for sale financial assets	Cost less impairment charges
Trade and other payables except sales tax payable	Financial liabilities	Amortized cost
Advance from Tata Steel	Financial liabilities	Amortized cost
Due to NNK Trust	Financial liabilities	Amortized cost

The category determines subsequent measurement and whether any resulting income and expense is recognized in profit or loss or in other comprehensive income.

All financial assets, except for those at FVTPL, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Financial assets at FVTPL include financial assets that are either classified as held-for-trading ("HFT") or that meet certain conditions and are designated at FVTPL upon initial recognition. Assets in this category are measured at fair value with gains and losses recognized in profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Other receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Impairment of receivables is recognized in profit or loss within general administrative expenses. If, in a subsequent period the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss or a portion of such, is reversed. The amount of the impairment loss reversed may not exceed the original impairment amount.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held-to-maturity if the Company has the intention and ability to hold them until maturity.

Held-to-maturity investments are measured subsequently at amortized cost using the effective interest method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value with changes in fair value recognized in other comprehensive income, except for impairment losses which are recognized in profit or loss in the period. At December 31, 2014 and 2013, the Company owns 20% of Tata Steel Minerals Canada Ltd. ("TSMC"), a private company. NML's equity investment in the shares of TSMC is designated as an available-for-sale financial asset and was initially measured at fair value. After the initial recognition, the investment is measured at cost, less any impairment charges, because the shares do not have a quoted market price in an active market and the fair value cannot be reliably measured.

The Company's financial liabilities are initially measured at fair value, less transaction costs if any, and are subsequently measured at amortized cost using the effective interest method.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave, maternity and paternal leave, sick leave and bonuses) is recognized in the period in which the services are rendered.

In July 2013, the Company adopted an employee retirement benefits plan which represents a defined contribution plan. Contributions to the defined contribution plan are recognized in operations when they are due.

Impairment of property and equipment and mineral exploration and evaluation assets

Mineral exploration and evaluation assets and property and equipment are tested for impairment whenever events or changes in circumstances indicate that the amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at a cash-generating unit ("CGU") level.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

Management has selected a policy of performing impairment reviews for exploration and evaluation assets on a property-by-property basis, with each property representing a potential single CGU.

An impairment loss is recognized in profit or loss for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less cost to sell and its value in use. To determine the value in use, management estimates expected future cash flows from each asset or CGU, and then determines an appropriate interest rate for the calculation of the expected present value of the cash flows. Discount factors are determined individually for each CGU and reflect their respective risk profiles as assessed by management. The impairment loss reduces the asset or is charged pro rata on the basis of the carrying amount of each asset in the CGU.

Assets that have suffered impairment losses are reviewed at each reporting date for possible indicators of reversal of the impairment.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior periods.

Service fee revenue

Revenue is recognized when services have been rendered in accordance with the terms of the arrangement, the revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currency are translated to the functional currency using the exchange rate in effect at the reporting date, whereas non-monetary items are translated at the historical rate. Revenue and expenses are translated to the functional currency using the exchange rate in effect during the period, with the exception of revenue and expenses relating to non-monetary assets and liabilities, which are translated using the historical rate. Gains and losses are recognized in profit or loss for the period.

Operating leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Payments made under operating leases are recognized in profit or loss or as mineral exploration and evaluation assets on a straight-line basis over the period of the lease.

They are recognized as mineral exploration and evaluation assets when the lease expenditures are in respect of assets directly associated with exploring or evaluating specific mineral resources.

Any incentive received from the lessor is recognized as a reduction of rental expense over the lease term, on a straight-line basis.

Provisions

Provisions represent liabilities to the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and the amounts can be reliably estimated. A present obligation arises from the presence of a legal or constructive commitment that result from past events, for example, legal disputes, decommissioning, restoration and similar liabilities, or onerous contracts.

2 - SIGNIFICANT ACCOUNTING POLICIES (continued)

The amount recognized as a provision is reviewed at each reporting date and is the best estimate of the consideration required to settle the present obligation based on the most reliable evidence at the reporting date taking into account the risks and uncertainties surrounding the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

In those cases where the possible outflow of economic resources as a result of a present obligation is considered improbable or remote, no liability is recognized unless it was assumed in the course of a business combination.

As at December 31, 2014 and December 31, 2013 the Company had determined that no provision was required.

Segment reporting

The Company presents and discloses segmental information based on information that is regularly reviewed by its chief operating decision makers i.e. the Board of Directors and Chief Executive Officer. These decision makers have joint responsibility for allocating resources to the Company's operating segments and assessing their performance.

The Company has determined that it has only one operating segment, the exploration and evaluation of mineral resources.

3 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the consolidated financial statements requires management to undertake a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from these judgments and estimates. These estimates and judgments are based on management's best knowledge of the events or circumstances and actions the Company may take in the future. The estimates are reviewed on an ongoing basis. Information about the significant judgments, estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

The following areas require management's critical judgment:

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets could be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment. To date, management has not recognized any deferred tax assets in excess of existing taxable temporary differences expected to reverse within the carry-forward period.

Provisions and contingent liabilities

Judgments are made as to whether a past event has led to a liability that should be recognized in the consolidated financial statements or disclosed as a contingent liability. Quantifying any such liability often involves judgments and estimations. These judgments are based on a number of factors including the nature of the claims or dispute, the legal process and potential amount payable, legal advice received, previous experience and the probability of a loss being realized. Several of these factors are sources of estimation uncertainty.

3 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

To date, the Company has met all government regulations concerning reclamation requirements relating to the exploration and evaluation of its mineral properties on a progressive basis. Management believes that no additional environmental rehabilitation provisions are required at this time and no amount has been recorded in these financial statements.

Long-term investment, TSMC

The assessment of the Company's power to participate in the financial and operating policy decisions of TSMC involves management's judgment of its interactions in the activities of its investee. This judgment is based upon a number of factors including the concentration of control in the hands of TSMC's majority shareholder, shareholder agreements, representation on the board of directors of TSMC, participation in policy making processes, transactions with the TSMC, interchange of managerial personnel and provision of essential technical information.

Management has determined that it does not exercise significant influence over TSMC .

The following areas require management's critical estimates:

Long-term investment, TSMC

Management regularly performs impairment tests on the long-term investment in TSMC. The test compares the carrying amount of the investment to its recoverable amount, and should it be in excess an impairment is recorded. The recoverable amount of the investment is determined as the present value of estimated cash flows discounted at a current market rate of return.

In estimating the present value management is required to make assumptions as to future events or circumstances. The calculation of the recoverable amount includes, but is not limited to, the following key assumptions:

- Cost of capital that is used for the current market rate of return;
- Market price of iron ore;
- US dollar exchange rate; and
- Internal and external factors that may affect production and logistics.

Mineral exploration and evaluation assets

The assessment of indicators of impairment and of a reversal of impairment and the measurement of the recoverable amount when impairment tests are performed both involve judgment. When an impairment test is performed and an impairment loss or reversal of impairment loss is recognized to the extent that the carrying amount of an asset or CGU exceeds its recoverable amount. The recoverable amount of an asset is determined as the higher of its fair value less costs to sell and its value in use.

Management determines for each property if there are any facts and circumstances indicating impairment loss or reversal of impairment losses. Facts and circumstances indicating impairment include, but are not limited to the following:

3 - USE OF ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

a. the period for which the entity has the right to explore in a specific area has expired or will expire in the near future, and is not expected to be renewed;

b. substantive expenditure on further exploration for an evaluation of mineral resources in a specific area is neither budgeted nor planned;

c. exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;

d. sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the mineral exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, management has to evaluate the recoverable amount of the asset or the CGU, and this requires management to make assumptions as to the future events or circumstances. The assumptions are based on the Company's exploration and evaluation program which consider whether results from exploration works justify further investments, the confirmation of the interest of the Company in the mining claims, the ability of the Company to obtain the necessary financing to complete the future development or if the expected proceeds from disposal of the properties are in excess of the carrying value.

Share-based payments

The estimation of share-based payments costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Company has made estimates as to the volatility of its own share, the probable life of share options granted and the time of exercise of those share options. The model used by the Company is the Black-Scholes valuation model.

4. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2014, the Company adopted the following:

IAS 32 Financial Instruments: Presentation
Financial assets and financial liabilities may be offset, with the net amount presented in the statement of financial position, only when there is a legally enforceable right to set off and when there is either an intention to settle on a net basis or to realize the asset and settle the liability simultaneously. The amendments to IAS 32, issued in December 2011, clarify the meaning of the offsetting criterion "currently has a legally enforceable right to set off" and the principle behind net settlement, including identifying when some gross settlement systems may be considered equivalent to net settlement. The amendments only affect disclosure and the application of the amendments did not result in any other impact in the consolidated financial statements.

IAS 36 Impairment of Assets
The amendments to IAS 36, issued in May 2013, require:

- Disclosure of the recoverable amount of impaired assets; and
- Additional disclosures about the measurement of the recoverable amount when the recoverable amount is based on fair value less costs of disposal, including the discount rate when a present value technique is used to measure the recoverable amount.

The amendments only affect disclosure and the application of the amendments did not result in any other impact in the consolidated financial statements.

4 – CHANGES IN ACCOUNTING POLICIES (continued)

The adoption of this amendment did not result in any changes to the consolidated financial statements.

The following accounting pronouncement was adopted on July 1, 2014:

IFRS 2 Share-based Payment
The amendments to IFRS 2, issued in December 2013, clarify the definition of "vesting conditions", and separately defined a "performance condition" and a "service condition". A performance condition requires the counterparty to complete a specified period of service and to meet a specified performance target during the service period. A service condition solely requires the counterparty to complete a specified period of service. The amendments are effective for share-based payment transaction for which the grant date is on or after July 1, 2014. The application of the amendments did not result in any impact in the consolidated financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these consolidated financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective and have not been adopted early by the Company.

Management anticipates that all of the pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of each pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company's consolidated financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have an impact on the Company's consolidated financial statements and are not listed.

IFRS 9 Financial Instruments
The International Accounting Standards Board ("IASB") released IFRS 9 Financial Instruments (2014), representing the completion of its project to replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces new "expected credit loss" model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting. The Company has yet to assess the impact of IFRS 9 on its consolidated financial statements. The new standard is required to be applied for annual reporting periods beginning on or after January 1, 2018.

IFRS 15 Revenue from Contracts with Customers
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 Revenue, IAS 11 Construction Contracts, and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for reporting periods beginning on or after January 1, 2017. The Company has not yet assessed the impact of IFRS 15 on its consolidated financial statements.

4 – CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 11 Joint Arrangements
These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 Business Combinations and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance. The Company's only

investment made to date in a joint arrangement is characterized as a joint venture in which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Accordingly, if adopted today, these amendments would not have a material impact on the consolidated financial statements. The amendments are effective for reporting periods beginning on or after January 1, 2016.

5 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2014 $	2013 $
Cash in bank	5,392,697	964,965

6 – SHORT-TERM INVESTMENTS

At December 31, 2014, investments include:

Security	Carrying Value $	Maturity	Interest Rate (per annum)
GIC's	17,835,543	Between January and October 2015	Between 1.60% and 1.68%

At December 31, 2013, investments include:

Security	Carrying Value $	Maturity	Interest Rate (per annum)
GIC's	27,359,475	Between March and October 2014	Between 1.30% and 1.68%
Treasury Bills	2,014,189	January 2014	0.92%
	29,373,664		

7 - SALES TAXES, OTHER RECEIVABLES AND PREPAID EXPENSES

Sales taxes, other receivables and prepaid expenses consist of the following amounts:

	2014 $	2013 $
Sales taxes	294,482	251,309
Receivable from TSMC	2,042,318	1,434,392
Other	-	46,304
Prepaid expenses	32,774	60,187
Total	2,369,574	1,792,192

The receivable from TSMC is a receivable from an affiliated company in which NML owns a 20% equity interest. This amount is non-interest bearing and is a result of advances made by NML to assist TSMC in the commencement of its operations and from service fees charged by NML to TSMC for TSMC's use of NML personnel in TSMC's operations (Note 21).

8 – OTHER ASSETS

The Company has entered into an agreement with the Sept Iles Port authority ("Port Authority") providing NML with access to a new multi-user deep water dock facility. As part of the agreement, NML has a minimum annual shipping capacity of 15 million tons a year for 20 years, with options to renew for four more five year terms. Construction of the port is expected to be completed in 2015. NML's buy-in for this agreement is calculated at $38,372,000, which has been paid and the total amount is reflected in these financial statements as other assets. As a result of these payments, NML will have access to the dock facility at favourable shipping rates (Note 23).

9 – LONG-TERM INVESTMENTS

Long –term investments consist of the following amounts:

	2014 $	2013 $
Long-term investment, TSMC	31,542,605	31,542,605
Loan receivable, TSMC	5,129,773	4,700,000
	36,672,378	36,242,605

Long-term Investment, TSMC: The investment in TSMC resulted from an initial acquisition of 19 Class B shares of TSMC at a cost of $19 and an additional Class B share that was received as part of the sale of the DSO properties, valued at $31,542,586. As a result, the Company owns 20 Class B shares at a cost of $31,542,605, which represents its estimated initial fair value. The investment represents a 20% ownership in TSMC. In order to maintain this ownership level, NML will be required to contribute 20% of all funding requests to shareholders, in shareholder loans or share subscriptions as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first $300 million of specified expenditures.

9 – LONG-TERM INVESTMENTS (continued)

At report date, there are no outstanding formal requests made to the Company by TSMC to be paid.

Loan Receivable, TSMC: This loan, which was advanced to fulfill a formal request by TSMC, is unsecured, interest is payable at the end of each quarter and bears interest at US LIBOR + 6.5% per annum. Any unpaid interest will be considered as part of the loan for the calculation of the interest. The capital and unpaid interest are due on or before July 31, 2020. The amount of $429,773 (2013 - $Nil) of interest was recorded as earnings in 2014.

10 - MINERAL EXPLORATION AND EVALUATION ASSETS

	LabMag Property $	KéMag Property $	Howells Lake - Howells River North Properties $	Perault Lake Property $	Lac Ritchie Property $	Sheps Lake Property $	Other Properties $	Balance as at Dec. 31, 2014 Before Impairment $	Impairment $	Balance as at Dec. 31, 2014 $	Balance as at Dec. 31 2013 $
Balance, at December 31, 2013	**27,368,203**	**16,315,546**	**5,007,255**	**5,032,995**	**2,420,241**	**1,179,960**	**3,813,878**	-	-	-	-
Mineral licenses	(4,848)	6,827	(2,052)	(4,534)	6,893	10,805	40,392	3,019,669	(422,674)	2,596,995	2,966,186
Drilling	101,223	69,787	2,952	7,432	11,017	17,984	148,309	35,710,901	(3,501,943)	32,208,958	35,352,197
Resource evaluation	1,789,618	1,571,521	87,976	67,487	103,041	77,299	690,760	41,570,095	(1,290,425)	40,279,670	37,182,393
Environmental	568,705	527,660	(15,080)	(15,080)	-	-	-	19,166,175	(3,836)	19,162,339	18,099,970
Amortization of property and equipment	9,291	-	627	2,498	4,181	(3,416)	30,197	166,931	(57,896)	109,035	123,553
	2,468,837	2,168,968	76,475	62,337	118,239	91,867	869,266	96,614,102	(4,854,100)	91,760,002	90,758,113
Tax credits and mining duties	-	(196,815)	-	-	(43,018)	-	(319,571)	(14,058,761)	1,144,167	(12,914,594)	(13,499,357)
Tata Steel payment	(1,148,603)	(967,307)	-	-	-	-	-	(21,202,774)	-	(21,202,774)	(19,086,864)
	(1,148,603)	(1,164,122)	-	-	(43,018)	-	(319,571)	(35,261,535)	1,144,167	(34,117,368)	(32,586,221)
Balance, at December 31, 2014 before impairment	**28,683,589**	**17,327,219**	**5,081,678**	**5,090,798**	**2,502,355**	**1,282,632**	**4,403,965**	**64,372,236**	**-**	**-**	**61,138,078**
Impairment	**-**	**-**	**-**	**(9,046)**	**(44,224)**	**(2,931)**	**(4,076,406)**	**(4,132,607)**	**-**	**-**	**-**
Balance at December 31, 2014	**28,683,589**	**17,327,219**	**5,081,678**	**5,081,752**	**2,458,131**	**1,279,701**	**327,559**	**60,239,629**	**-**	**60,239,629**	**61,138,078**

10 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

	LabMag Property $	KéMag Property $	Howells Lake - Howells River North Properties $	Perault Lake Property $	Lac Ritchie Property $	Sheps Lake Property $	Other Properties $	Balance as at Dec. 31 2013 $	Balance as at Dec. 31 2012 $
Balance, at January 1, 2013	24,319,885	14,313,040	4,903,852	4,674,938	2,385,040	1,098,842	2,445,725	-	-
Mineral licenses	-	17,680	1,210	19,460	22,624	12,400	96,400	2,966,186	2,796,412
Drilling	88,257	99,269	109,063	238,496	3,251	32,615	1,499,304	35,352,197	33,281,942
Resource evaluation	4,666,163	3,764,872	53,050	34,236	2,938	36,103	103,751	37,182,393	28,521,280
Environmental	1,158,325	1,475,448	(59,920)	62,633	-	-	2,704	18,099,970	15,460,780
Amortization of property and equipment	-	-	-	3,232	-	-	18,033	123,553	102,288
	5,912,745	5,339,589	102,193	338,597	6,189	68,718	1,623,792	90,758,113	77,366,290
Tax credits and mining duties	-	(1,673,956)	-	-	6,388	-	(352,039)	(13,499,357)	(11,479,750)
Tata Steel payment	(2,864,427)	(1,680,807)	-	-	-	-	-	(19,086,864)	(14,541,630)
	(2,864,427)	(3,354,763)	-	-	6,388	-	(352,039)	(32,586,221)	(26,021,380)
Balance, at December 31, 2013	**27,368,203**	**16,315,546**	**5,007,255**	**5,032,995**	**2,420,241**	**1,179,960**	**3,813,878**	**61,138,078**	**54,141,322**

10 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

During 2014, the Company acquired $5,909,472 (2013 - $13,561,597) in mineral exploration and evaluation assets, which were offset by $2,115,910 (2013 – $4,545,234) in payments from Tata Steel and $559,404 (2013 - $2,019,607) in tax credits and mining duties.

During the Company's impairment review of their properties it was determined that a number of claims did not present any future economic value as no substantive expenditure on exploration or evaluation of mineral resources on these claims is budgeted or planned. The impairment of $4,132,607 was established based upon the expenditures that had been incurred on these claims and is recorded in the loss for the year. The impairments were recorded $4,076,406 for Other Properties, $44,224 for the Lac Ritchie Property, $9,046 for the Perault Lake Property and $2,931 for the Sheps Lake Property. The Company still has rights to these claims but is not expecting to exploit them in the future.

Overview

The Company holds interests in 3,447 claims distributed between properties in Newfoundland and Labrador ("NL") and Québec. Claims registered under New Millennium Iron Corp. are owned 100% by the Company. Claims registered under LLP are owned 80% by the Company through its 80% interest in LLP. Of the 3,447 claims held, the Company does not foresee any future economic benefit from 1,485 claims and has taken an impairment on these claims as explained above.

The table below represents the remaining 1,962 claims with potential economic benefit.

Province	Ownership	LabMag Property	KéMag Property	Howells Lake-Howells River North Properties	Perault Lake Property	Lac Ritchie Property	Sheps Lake Property	Other Properties	Total
NL	NML	-	-	143 [35.75 km^2]	354 [88.5 km^2]	-	-	18 [4.5 km^2]	515 [128.75 km^2]
	LLP	256 [64 km^2]	-	354 [88.5 km^2]	-	-	432 [108 km^2]	-	1042 [260.5 km^2]
Québec	NML	-	171 [80.9 km^2]	-	-	153 [74.2 km^2]	-	81 [38.3 km^2]	405 [193.4 km^2]
Total		**256** [64 km^2]	**171** [80.9 km^2]	**497** [124.25 km^2]	**354** [88.5 km^2]	**153** [74.2 km^2]	**432** [108 km^2]	**99** [42.8 km^2]	**1,962** [582.7 km^2]

Although the Company has taken steps to verify title to the mining properties in which it holds an interest in accordance with industry practices for the current stages of exploration and development of such properties, these procedures do not guarantee the validity of the Company's titles. Property titles may be subject to unregistered prior agreements and restrictions arising from regulatory requirements.

LabMag Property:

The LabMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Howells River, NL. The property is situated in western Labrador, in Elross Township, about 30 km to the northwest of the town of Schefferville, Québec. Further to the Pre-Feasibility Study completed in 2006 on this Project, the results of the techno-economic viability of the Taconite Project Feasibility Study ("the Study") announced in the first quarter of 2014 assumes a mining operation and concentrator located at Howells River with an annual production of 22 million tonnes of concentrate. The concentrate is shipped by a ferroduct to pellet plants with 17 million tonnes capacity per year located at Pointe Noire, Québec. The pellets produced and the remaining concentrate are shipped to customers using the new multi-users dock at Pointe-Noire, near Sept-Îles. The Study is being worked on under the arrangement summarised in the Taconite binding heads of agreement ("Binding HOA") presented below.

10 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

KéMag Property:

The KéMag Iron Ore Project involves the exploration and evaluation of a taconite deposit at Lac Harris, Québec. The property, situated in the Kativik Region in northern Québec, is centered about 50 km to the northwest of Schefferville. Further to the Pre-Feasibility Study completed in 2009 on this Project the results of the techno-economic viability of the Study announced in the first quarter of 2014, assumes a mining operation and concentrator, located at Harris Lake, with an annual production of 22 million tonnes of concentrate. The concentrate is shipped by a ferroduct to pellet plants with 17 million tonnes capacity per year located at Pointe-Noire, Québec. The pellets produced and the remaining concentrate are shipped to customers using the new multi-users dock at Pointe-Noire, near Sept-Îles. The Study is being worked on under the arrangement summarised in the Binding HOA presented below.

Howells Lake Property and Howells River North Property:

These two Properties are located approximately 47 km northwest of Schefferville in the Elross Township and occur in the same continuous taconite formation. These two areas were drilled in detail in 2012. Based on the drilling results NML engaged SGS Canada Inc. to provide a NI 43-101 compliant resource estimation. SGS provided a combined Resource Estimation Report for Howells Lake and Howells River North Properties. Details of resources are given as follows:

Howells Lake Property:
This Property is located immediately to the south of KéMag deposit in NL. This area was drilled in 2011 (2 holes, 200.0m) and in 2012 (10 holes, 1114.5m). The SGS NI 41-101 report estimates 1.129 billion tonnes of Indicated and 2.576 billion tonnes of Inferred Resources in this property.

Howells River North Property:
This Property is south of the Howells Lake Property and forms a continuation of the Howells Lake taconite deposit. This property is owned 80% through LLP by NML. This area was drilled in 2011 (2 holes, 200.0m) and in 2012 (10 holes, 1114.5m). The SGS NI 41-101 report estimates the presence of 1.129 billion tonnes of Indicated and 2.576 billion tonnes of Inferred resources in this property.

Perault Lake Property:

The Perault Lake Property is located in NL, immediately south of the Sheps Lake Property, approximately 17 km southwest of Schefferville. NML in 2012 carried out Phase 1 exploration program by drilling 48 holes for a total of 3,890.8 m. Based on the results of the drilling, SGS Canada Inc. was engaged by NML to conduct a NI 43-101 compliant resource estimation resulting in 1.612 billion tonnes of Indicated and 0.507 billion tonnes of Inferred Resources.

Lac Ritchie Property:

The Lac Ritchie Property is located approximately 134 km northwest of Schefferville and approximately 70 km northwest of the KéMag deposit in Québec. NML conducted Phase 1 drilling in 2011 by drilling 40 holes for a total of 3,810 m, on a 1.0 km X 0.5 km grid. Based on the results of drilling, NML engaged SGS Canada Inc. to provide a NI 43-101 compliant Technical Report on the Mineral Resource Estimates for the property resulting in a resource estimation of 3.330 billion tonnes of Indicated and 1.437 billion tonnes of Inferred Resources.

10 - MINERAL EXPLORATION AND EVALUATION ASSETS (continued)

Sheps Lake Property:

The Sheps Lake Property is located in NL, south of the LabMag property and is approximately 20 km south-west of Schefferville. NML conducted Phase 1 exploration drilling in 2012 with 23 holes for a total of 1,920.1 m. SGS Canada Inc. conducted NI 43-101 compliant resource estimation, using the drilling results, which showed 1.967 billion tonnes of Indicated and 0.289 billion tonnes of Inferred Resources.

Other Properties

The remaining claims and licences, 100% owned by NML, include holdings of potential magnetic taconite areas and dolomite. The other taconite areas in NL are the Wishart Creek taconite and the Knob Lake Ridge taconite.

In 2012, three exploration holes were drilled in the Wishart Creek area for a total of 306 m.

Taconite Binding Heads of Agreement

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

The project(s) upon which Tata Steel exercises its option will be transferred to an entity in which Tata Steel will initially hold an 80% interest and the Company 20%, with this initial 20% interest bearing a "free carry" equity interest in that Tata Steel will be required to arrange funding in the entity for any capital expenditure requirements on behalf of the Company's interest up to a maximum of $4.85 billion. Also, the Company has an option to acquire an additional 16% paid equity interest and a right of first refusal to acquire another 4% paid equity interest should Tata Steel exercise its right to invite third party investors into the project.

As at December 31, 2014, NML has received $27,810,000 (2013 - $23,810,000) from Tata Steel on account of the option. At December 31, 2014, $21,202,774 has been recorded as a reduction of the expenditures capitalized for the mineral exploration and evaluation assets, $2,115,910 in 2014 (2013 - $4,545,234). An additional $5,920,098 has been recorded as a reduction of general and administrative expenses, $1,897,937 in 2014 (2013 - $1,610,091). The amount received in excess of these amounts at December 31, 2014 of $687,128 (2013 – $700,975) is recorded as an advance from Tata Steel. These advances are non-interest bearing and are expected to be reduced through payments for the cost of the feasibility study and reimbursement of general and administrative expenses.

11 - PROPERTY AND EQUIPMENT

The carrying amount can be analyzed as follows:

	Land	Office Furniture and Equipment	Total
	$	$	$
Cost			
Balance at January 1, 2013	394	997,917	998,311
Additions	342,977	50,031	393,008
Disposals	-	(51,867)	(51,867)
As at December 31, 2013	343,371	996,081	1,339,452
Additions	-	1,660	1,660
Disposals and adjustments	-	(46,011)	(46,011)
Balance at December 31, 2014	**343,371**	**951,730**	**1,295,101**
Depreciation	-		
Balance at January 1, 2013	-	516,242	516,242
Charge for period	-	236,793	236,793
Disposals	-	(33,715)	(33,715)
Balance at December 31, 2013	-	719,320	719,320
Charge for period	-	118,584	118,584
Disposals	-	(25,166)	(25,166)
Balance at December 31, 2014	**-**	**812,738**	**812,738**
Net book value			
At December 31, 2013	343,371	276,761	620,132
At December 31, 2014	**343,371**	**138,992**	**482,363**

At the end of each reporting period, the Company reviews the carrying amounts of property and equipment to determine whether there is an indication that these assets have suffered an impairment loss. There was no impairment loss at December 31, 2014 and 2013.

12 - TRADE AND OTHER PAYABLES

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

	2014 $	2013 $
Trade accounts payable	463,563	338,323
Accrued liabilities	1,934,061	1,786,783
Sales tax payable	155,896	-
Total	2,553,520	2,125,106

13 – DUE TO NNK TRUST

The due to NNK Trust relates to future dividend payments to be received by NML from TSMC that can be attributed to the DSO properties purchased by NML from NNK Trust and subsequently sold to TSMC as part of the sale described in Note 9. This amount in non-interest bearing and at the present time, there are no expectations as to when this payment will commence.

14 – EQUITY

SHARE CAPITAL

Authorized

Unlimited number of shares

Common shares, without nominal or par value

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

2013 NORMAL COURSE ISSUER BID (NCIB) PROGRAM

In January 2013, NML announced its plan to repurchase up to 5,000,000 of its outstanding common shares through a NCIB. The Company repurchased and cancelled to December 31, 2013, 220,000 common shares for $169,780.

The program expired on January 22, 2014, and was not renewed.

SHARE-BASED PAYMENTS

Stock options

The Company has adopted an incentive share-based compensation plan whereby options may be granted from time to time to directors, officers, employees and consultants of the Company with shares reserved for issuance as options not to exceed 10% of the issued and outstanding common shares. The exercise price of each option cannot be less than the exercise price permitted by the any stock exchange on which the Company's common shares are listed. The vesting period is determined by the Board of Directors and the maximum term of the options granted is five years. Some of the options only vest if certain performance criteria are met.

A summary of the Company's stock options are as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of year	15,559,500	1.51	14,940,000	1.60
Granted	3,495,000	0.43	3,414,000	0.92
Exercised	(1,045,000)	0.37	(1,007,500)	0.79
Expired	(458,000)	0.39	(1,042,000)	1.68
Forfeited	(1,085,000)	0.94	(745,000)	1.27
Balance, end of year	16,466,500	1.42	15,559,500	1.51
Options exercisable, end of year	12,788,500	1.68	10,557,500	1.71

With respect to stock options exercised during the year, the weighted-average share price at the date of exercise was $0.41 per share for the year ended December 31, 2014 (2013 - $1.26 per share).

14 - EQUITY (continued)

Options exercisable and outstanding as at December 31, 2014 as set forth in the previous table are as follows:

Exercise price	Number of exercisable options	Number of outstanding options	Expiry Date
$0.90	2,932,500	2,932,500	June 30, 2015
$0.87	36,000	36,000	August 31, 2015
$3.52	42,000	42,000	February 8, 2016
$3.36	2,890,000	2,890,000	April 1, 2016
$3.16	175,000	175,000	April 29, 2016
$2.48	52,000	52,000	May 16, 2016
$2.48	32,000	32,000	July 18, 2016
$1.65	135,000	135,000	November 1, 2016
$1.16	110,000	110,000	November 28, 2016
$1.43	350,000	350,000	December 6, 2016
$1.23	160,000	160,000	December 20, 2016
$1.72	37,000	37,000	January 11, 2017
$2.02	70,000	70,000	January 24, 2017
$2.08	65,000	65,000	April 5, 2017
$1.93	100,000	100,000	April 11, 2017
$2.03	56,000	56,000	April 16, 2017
$1.35	3,315,000	3,315,000	July 27, 2017
$1.30	50,000	50,000	September 10, 2017
$1.45	80,000	80,000	September 18, 2017
$1.57	200,000	200,000	October 4, 2017
$1.04	20,000	20,000	December 10, 2017
$1.62	26,000	52,000	January 8, 2018
$0.89	1,370,000	2,476,000	April 24, 2018
$0.42	-	535,000	March 31, 2019
$0.44	485,000	2,217,500	May, 21, 2019
$0.39	-	228,500	June 16, 2019
$0.31	-	50,000	September 2, 2019
	12,788,500	16,466,500	
Weighted average exercise price	1.68	1.42	

The weighted average remaining contractual life of the options outstanding is 2.4 years.

The share-based payments expense during the year ended December 31, 2014 was $2,041,266 (2013 - $4,062,908) and is included in general and administrative expenses.

14 - EQUITY (continued)

The weighted average fair value of options granted during the year ended December 31, 2014 was $0.27 per share (2013 - $0.63 per share). The fair value of each option was estimated on the date of grant using the Black-Scholes model. The forfeiture rate used of 2.53% was the same as in 2013. The following weighted-average assumptions were used:

	2014	2013
Exercise price at date of grant	$0.43	$0.92
Share price at date of grant	$0.43	$0.92
Risk-free interest rate	1.41%	1.25%
Expected life (years)	5	5
Estimated volatility of the market price of the common shares	78.02%	92.31%
Dividend yield	Nil	Nil

The underlying expected volatility was determined by reference to historical data of the Parent Company's common shares over five years. No special features inherent to the options granted were incorporated into measurement of fair value.

15 - INFORMATION INCLUDED IN CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2014 $	2013 $
Employee benefit expense		
Wages, salaries and other short-term benefits	3,038,461	1,958,643
Defined contributions	113,261	40,825
Share-based payments	1,692,927	3,596,543
Employee benefit expense	4,844,649	5,596,011
Other elements of expenses		
Depreciation of property and equipment	75,205	215,528

16 - INCOME TAXES

The relationship between the expected tax expense based on the effective tax rate and the reported tax expense in profit and loss can be reconciled as follows, also showing major components of tax expense:

	2014 $	2013 $
Loss before income taxes	(10,704,886)	(7,720,997)
Combined federal and provincial tax rates	26.9%	26.9%
Computed income tax recovery	(2,879,615)	(2,076,948)
Share-based payment expense	549,101	1,092,922
Unrecognized tax items	2,313,811	977,929
Change in tax rate and other items	16,703	6,097
	-	-

16 - INCOME TAXES (continued)

Deferred tax expense consists of the following:

	2014 $	2013 $
Origination and reversal of temporary differences	(2,330,514)	(984,026)
Change in unrecognized deductible temporary differences	2,313,811	977,929
Adjustment in respect of prior years	16,703	6,097
	-	-

The Canadian federal corporate tax rate and the Quebec provincial tax rate remained at 15.0% and 11.9% for a combined tax rate of 26.9%.

Recognized deferred tax assets and liabilities consist of the following:

	2014 $	2013 $
Deferred income tax liabilities		
Mineral exploration and evaluation assets	-	727,726
Mining tax credits	58,742	211,538
	58,742	939,264
Deferred income tax assets		
Non-capital losses carried-forward	58,742	939,264
	-	-

Movements in deferred tax assets (liabilities) related to temporary differences during the financial year are as follows:

	January 1, 2014 $	Recognized in earnings $	December 31, 2014 $
Non-capital loss carry-forward	939,264	(880,522)	58,742
Mineral exploration and evaluation assets	(727,726)	727,726	-
Mining tax credits	(211,538)	152,796	(58,742)
Deferred tax assets (liabilities)	-	-	-

	January 1, 2013 $	Recognized in earnings $	December 31, 2013 $
Non-capital loss carry-forward	1,516,329	(577,065)	939,264
Mineral exploration and evaluation assets	(950,242)	222,516	(727,726)
Mining tax credits	(566,087)	354,549	(211,538)
Deferred tax assets (liabilities)	-	-	-

16 - INCOME TAXES (continued)

The Company has the following deductible temporary differences, unused tax losses and unused tax credits for which no tax benefit have been recognized:

	2014	2013
	$	$
Limited partnership losses through LLP	**2,832,000**	1,251,000
Property and equipment	**890,000**	782,000
Share issue costs	**969,000**	2,059,000
Capital losses	**1,566,000**	1,566,000
Non-capital losses	**24,947,000**	18,094,000
Advance from Tata Steel	**687,000**	701,000
Mineral exploration and evaluation assets	**1,164,000**	-

The non-capital tax losses for which no tax benefit has been recognized are available to reduce income taxes in the future years as follows:

	$
2028	7,646,000
2029	3,130,000
2030	4,552,000
2032	241,000
2033	5,956,000
2034	3,422,000
	24,947,000

The Company has a temporary difference relating to its investment in the TSMC shares in the amount of $26,103,000 for which no tax liability is required to be recognized in accordance with IAS12.

During the year ended December 31, 2014, the Company did not earn Federal investment tax credits (ITC's). In 2013, $448,000 were earned which were not recorded in the financial statements due to the uncertainty as to whether the Company will be able to utilize them.

The Company has a total of $4,630,000 of Federal ITC's that can be carried forward for 20 years and expiring from 2028 to 2033 and $180,000 of Quebec tax credits that can be carried forward for 10 years and expiring from 2016 to 2017.

17 – LOSS PER SHARE

The basic and diluted loss per share for the year ended December 31, 2014 and 2013 have each been calculated using net loss attributable to the shareholders of NML as the numerator. The weighted average number of shares for the purposes of diluted loss per share can be reconciled to the weighted average number of common shares used in the calculation of basic loss per share as follows:

	2014	2013
Weighted average numbers of shares used in diluted loss per share	180,772,393	180,047,297

17 – LOSS PER SHARE (continued)

The following common shares that could be issued are anti-dilutive and are therefore excluded from the weighted average number of common shares for the purposes of diluted loss per share:

	2014 $	2013 $
Options	16,466,500	15,559,500

18 - FINANCIAL INSTRUMENTS

Classification of financial assets and liabilities

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

	2014 $	2013 $
Financial assets		
Available for sale		
Long-term investment, TSMC	31,542,605	31,542,605
Held-to-maturity investments		
Short-term investments	-	2,014,189
Held-for-trading investments		
Short-term investments	17,835,543	27,359,475
Loans and receivables		
Cash and cash equivalents	5,392,697	964,965
Other receivables	2,042,318	1,480,696
Loan receivable, TSMC	5,129,773	4,700,000
	12,564,788	7,145,661
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables except sales taxes	2,397,624	2,125,106
Advance from Tata Steel	687,128	700,975
Due to NNK Trust	285,324	285,324
	3,370,076	3,111,405

The fair values of the treasury bills and GIC's are $17,835,543 as at December 31, 2014 (2013 - $29,352,713) and are determined by using the current market rate.

The fair value of the loan receivable, TSMC approximates its carrying value based on a discounted cash flow analysis because the loan is a variable rate loan at a market rate of interest.

For all other financial assets and liabilities presented above, their carrying amount was a reasonable approximation of their fair values, notably due to their short-term maturities.

Fair value hierarchy

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

18 - FINANCIAL INSTRUMENTS (continued)

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

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

As at December 31, 2014

	Level 1 $	Level 2 $	Level 3 $
Held-to-maturity, short-term investments	-	-	-
Held-for-trading, short-term investments	-	17,835,636	-
Loans and receivable, loan receivable, TSMC	-	-	5,129,773
	-	17,835,636	5,129,773

As at December 31, 2013

	Level 1 $	Level 2 $	Level 3 $
Held-to-maturity, short-term investments	2,014,189	-	-
Held-for-trading, short-term investments	-	27,359,475	-
Loans and receivable, loan receivable, TSMC	-	-	4,700,000
	2,014,189	27,359,475	4,700,000

Investment income

	2014 $	2013 $
Interest income calculated using the effective interest method for financial assets or financial liabilities that are not at fair value through profit or loss	844,604	683,655

19 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

In the normal course of operations, the Company is exposed to and manages various financial risks in relation to financial instruments. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

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

Exchange risk

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

On December 31, 2014, the Company had $Nil US dollar ($2,900 USD, converted to $3,085 CAD at December 31, 2013) in cash which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

19 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

At December 31, 2014, the Company had $15,230 USD, converted to $17,657 CAD ($97,624 USD, converted to $101,734 CAD at December 31, 2013) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

At December 31, 2014, the Company had €Nil Euro (€46,262 EUR, converted to $65,481 CAD at December 31, 2013) in trade and other payables which have been translated to Canadian dollars using the closing exchange rate for each financial reporting period.

A $0.01 increase or decrease in the USD/CAD or the Euro/CAD exchange rates would not have a material impact on net loss or equity at December 31, 2014 or December 31, 2013.

The sensitivity analysis is based on the Company's foreign currency financial instruments held at each reporting date. Exposure to foreign exchange rates varies during the year depending on the volume of foreign transactions. Nonetheless, the analysis above is considered to be representative of the Company's exposure to exchange risk.

Interest rate risk

The short-term investments 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 risk is limited because these assets involve lower risk securities such as GIC's with relatively short maturities all backed by Canadian Federal and Provincial governments or their crown corporations.

The loan receivable, TSMC bears interest at a variable rate and the Company is therefore exposed to cash flow risk resulting from interest rate fluctuations. The risk is limited as the US libor rate is stable.

The sensitivity analysis is based on the Company's financial assets which bear interest at fix or variable rate. A 0.1% increase or decrease in interest rates would not have a material impact on comprehensive loss or equity at December 31, 2014. The Company does not use derivative financial instruments to reduce its interest rate exposure.

Liquidity risk

Management maintains sufficient amounts of cash and cash equivalents to meet the Company's commitments. The Company establishes budgets and cash flow requirements monthly to ensure that it has the necessary funds to fulfill its obligations. The contractual maturities of trade and other payables are less than three months for all periods presented. The Advance from Tata Steel and Due to NNK Trust do not have any contractual maturities.

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

Credit risk

The Company manages third party credit risk through an emphasis on quality in its investment portfolio. Cash and cash equivalents and short-term investments are held through three Canadian chartered banks and their subsidiaries and an independent investment dealer with high quality external credit ratings and the instruments have been guaranteed by Canada or the provinces and management believes the risk of loss to be remote. This credit risk is minimized by reviews of the third parties' credit worthiness.

19 - FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES (continued)

The Company is also exposed to credit risk relating to its receivable and loan receivable from TSMC and other receivables. This credit risk is minimized by reviews of the third parties' credit worthiness. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets after deducting applicable allowances for loss recognized at the reporting date, of which there are none at any of the periods presented.

20 – INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

The changes in working capital items are detailed as follows:

	2014 $	2013 $
Sales taxes, other receivables and prepaids	(577,382)	1,305,716
Trade and other payables	615,884	(602,710)
	38,502	703,006

The long-term investments increased by $429,773 due to the interest accrual (Note 9).

Included in trade and other payables at December 31, 2014 is an amount of $1,483,452 (2013 - $1,653,673) pertaining to additions to mineral exploration and evaluation assets. Included in the cash flows used by deposits on contracts is $114,364 (December 31, 2013 - $2,730,319) pertaining to mineral exploration and evaluation assets.

21 – RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties and key management are disclosed below.

Transactions with other related parties

Trading transactions

The related parties with which the Company has had transactions are as follows:

Related Party	Nature of relationship	Nature of transaction
Davis LLP	Partnership in which a director is a partner	Legal services
Roll Harris & Associés	Partnership in which an executive officer is a partner	Consulting
Balance Consultants Inc.	Controlled by executive officer of the Company	Consulting
TSMC	Company controlled by Tata Steel	Service fee revenue, investment income and expenses
General (Ret.) Rick Hillier	Director	Consulting
1301738 Ontario Inc.	Company controlled by an executive officer	Consulting
Tata Steel	26.2% shareholder of NML	Advances and consulting fees
NNK Trust	20% Partner in LLP	Advances

21 – RELATED PARTY TRANSACTIONS (continued)

The Company incurred the following revenue, fees and expenses in the normal course of operations in connection with the above entities and individuals. Expenses have been measured at the exchange amount which is determined on a cost recovery basis.

	Note	2014 $	2013 $
Consolidated Statement of Financial Position			
Mineral exploration and evaluation assets	(i)	264,439	1,259,672
Consolidated Statement of Comprehensive Income			
Service fee revenue		-	235,586
General and administrative expenses	(i)	811,970	812,205
Investment income		429,773	-

Amounts due to and from related parties, except for the loan receivable from TSMC (Note 9) are unsecured, non-interest bearing and due on demand.

Other receivable related to advances to TSMC and service fee revenue charged to TSMC at December 31, 2014 was $2,042,318 (2013 - $1,440,892).

Accounts payable related to the above transactions at December 31, 2014 were $696,215 (2013 - $557,963).

The advances from Tata Steel at December 31, 2014 was $687,128 (2013 – $700,975).

These amounts have not been discounted as the time-value of money is not material.

Transactions with key management personnel

Key management personnel of the Company are members of the board of directors, as well as the executive officers of the Company.

Key management personnel remuneration is comprised of the following:

	Note	2014 $	2013 $
Salaries and directors' fees	(i), (iii)	2,624,454	2,611,369
Share-based payments	(ii), (iv)	594,076	1,413,364
		3,364,001	4,024,733

21 – RELATED PARTY TRANSACTIONS (continued)

(i) Salaries and directors' fees include consulting and management fees disclosed above.

(ii) Share-based payments are the fair value of options granted to key management personnel during the year.

(iii) An officer was paid termination benefits of the amount of $187,950 for the year ended December 31, 2014 (December 31, 2013 – nil). No post-employment benefits or other long-term benefits were paid to key management personnel during the years ended December 31, 2014 and December 31, 2013.

(iv) During the year ended December 31, 2014, key management personnel exercised 700,000 share options (2013 – 612,500) granted under the Company's stock option plan, for a total of $259,000 (2013 - $468,125).

22 - CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Company's capital management objectives are to ensure its ability to continue as a going concern and to maximize the return of its shareholders. The Company's definition of capital includes all components of equity. Capital for the reporting periods under review is summarized in Note 14 and in the consolidated statement of changes in equity. In order to meet its objectives, the Company monitors its capital structure and makes adjustments as required in light of changes in economic conditions and the risk characteristics of the underlying assets. These objectives will be achieved by identifying the right exploration projects, adding value to these projects and ultimately taking them through production and cash flow, either with partners or by the Company's own means.

In order to maintain or adjust the capital structure, the Company may issue new shares or flow-through shares. No changes were made in the objectives, policies and processes for managing capital during the year. The Company is not subject to any externally imposed capital requirements.

23 - COMMITMENTS AND CONTINGENCY

Commitments

The Company is committed through LLP to pay aggregate royalties of 2% of gross revenue from mineral interests subject to the LLP Limited Partnership agreement.

In relation to NML's agreement with the Port Authority described in Note 8, the Company has a take or pay obligation based on a discounted rate applied on 50% of the 15 million tons minimum annual shipping capacity and is payable even if NML does not use the facilities.

The Company has a 20% ownership interest in TSMC and in order to maintain this ownership level it will be required under the agreement that governs the operation of TSMC to contribute 20% of all funding requests to shareholders, in shareholder loans or share subscriptions as approved by the Board of Directors of TSMC, in respect of those amounts required to be contributed by TSMC shareholders to fund amounts in excess of TSMC's first $300 million of expenditures. At report date, there are no outstanding formal requests made to the Company by TSMC to be paid.

23 - COMMITMENTS AND CONTINGENCY (continued)

The Company has entered into long-term operating leases for premises and equipment and consulting agreements amounting to $1,251,000 all expiring by June 2018.

No sublease payments or contingent rent payments were made or received. The Company's operating lease agreements do not contain any contingent rent clauses. No sublease income is expected as all assets held under lease agreements are used exclusively by the Company.

Minimum obligations due over the next five years and thereafter are as follows:

	Operating Leases $	Consulting Agreements $	Total $
Up to 1 year	545,000	166,500	711,500
1 to 5 years	442,000	97,500	539,500
Over 5 years	-	-	-
	987,000	264,000	1,251,000

Contingency

During the year, the provincial government completed its 2011 and 2012 mining tax credit audits and the assessments reduced the Company's mining tax credit claims by $3,673,000, mainly for work on the Taconite Feasibility Study. The Company prepared the claim based on its interpretation of the regulations and is vigorously contesting the assessment. If the final outcome of the claim is different from the amounts initially recorded, such difference will reduce the mining tax credit receivable with a related off set to mineral exploration and evaluation assets and the Advance from Tata Steel.